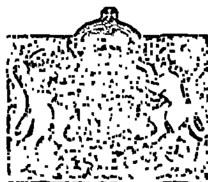
No. N.S.E. S.I.

PROCEEDINGS
of the Sugar Conference held at Simla on the 10th, 11th and 12th July 1933.



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List of persons attending the Conference.

Chairman: The Honourable Khan Bahadur Mian Sir Fazl-i-Husain, K.C.S.I., K.C.I.E., Kt., Member of the Executive Council of the Governor-General in charge of the Department of Education, Health and Lands.

MADRAS.

The Honourable Mr. P. T. Rajan, Minister for Public Works (In charge of Agriculture), Madras.

The Honourable Diwan Bahadur S. Kumaraswami Reddiyar, Minister for Education and Excise (In charge of Industries), Madras.

Mr. S. V. Ramamurty, M.A., I.C.S., Director of Agriculture, Madras.

Mr. V. Ramakrishna, M.A., I.C.S., Director of Industries, Madras.

M. R. Ry. Rao Bahadur C. V. S. Narasimha Raju Garu. (Representing cane growers' interests)

Mr. W. O. Wright. (Representing sugar manufacturers' *interests*)

BOMBAY.

The Honourable Diwan Bahadur S. T. Kambli, Minister for Education, Bombay.

Mr. P. B. Advani, Director of Industries, Bombay.

Mr. V. V. Gadgil, Deputy Director of Agriculture, South Central Division, Poona.

BENGAL.

The Honourable Nawab K. G. M. Faroqui, *Khan Bahadur*, Minister in charge of Agriculture and Industries Department, Bengal.

Dr. G. P. Hector, I.A S., Director of Agriculture, Bengal.

UNITED PROVINCES.

The Honourable Mr. J. P. Srivastava, *M.Sc., A.M.S.T.*, Minister for Education, United Provinces.

Mr. S. P. Shah, I.C S., Director of Ind[illegible] United Provinces.

Mr. R. G. Allan, M.A., I.A S, *Director of* [illegible], United Provinces.

Mr. J. M. Lownie, President, *Upper* [illegible] Chamber of Commerce, [illegible] (Representing sugar [illegible] interests.)

Lala Padampat Sahib. (Represent[illegible] manufacturers' interests)

Mr. Ajodhya Das, Bar at Law [illegible] Representing cane grow[illegible]

Lala Har Sahai Gupta, [illegible] Representing cane grow[illegible]

[illegible]

The Honourable [illegible] Singh, Kt., Minister [illegible] Punjab.

The Honourable Dr. Gokal Chand Narang, Minister for Local Self-Government (In charge of the Industries Department), Punjab.

Mr. H. R. Stewart, I.A.S., Director of Agriculture, Punjab.

Rai Bahadur Lala Ram Lal, M.B.E., Director of Industries, Punjab.

Sardar Bishan Singh, M.L.C. (Representing cane growers' interests.)

BIHAR AND ORISSA.

The Honourable Khan Bahadur Saiyid Muhammad Hussain, Minister in charge of the Education and Development Departments, Bihar and Orissa.

Mr. H. C. Prior, I.C.S., Revenue Secretary, Government of Bihar and Orissa.

Mr. S. Lall, I.C.S., Director of Industries, Bihar and Orissa.

Mr. D. R. Sethi, I.A.S., Director of Agriculture, Bihar and Orissa.

Colonel C. G. Lees. (Representing cane growers' interests.)

Mr. H. C. Finzel. (Representing sugar manufacturers' interests.)

Mr. D. P. Khaitan. (Representing sugar manufacturers' interests.)

HYDERABAD STATE.

Nawab Rais Jung Bahadur, Secretary, Department of Commerce and Industries, Hyderabad.

Syed Nizamuddin Hyder, Director of Agriculture, Hyderabad.

Mr. Ghulam Ali Mohammadi, Director of Industries and Commerce, Hyderabad.

MYSORE STATE.

Mr. S. P. Rajagopalachari, B.A., B.L., Member of Council in charge of Industries and Agriculture, Mysore.

Dr. Leslie C. Coleman, M.A., Ph.D., C.I.E., Director of Agriculture, Mysore.

Mr. A. V. Ramanathan, B.A., Director of Industries and Commerce, Mysore.

GOVERNMENT OF INDIA.

The Honourable Sir Joseph Bhore, K.C.S.I., K.C.I.E., C.B.E., I.C.S., Member of the Executive Council of the Governor-General in charge of Railway and Commerce Departments.

The Honourable Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., Member of the Executive Council of the Governor-General in charge of the Department of Industries and Labour.

The Honourable Mr. A. H. Lloyd, C.I.E., I.C.S., Offg. Member of the Executive Council of the Governor-General in charge of the Finance Department.

The Honourable Mr. T. A. Stewart, I.C.S., Offg. Secretary to the Government of India, Department of Commerce.

Mr. Ram Chandra, C.I.E., M.B.E., I.C.S., Joint Secretary to the Government of India, Department of Education, Health and Lands.

Mr. B. C. Burt, C.I.E., M.B.E., I.A.S., Offg. Vice-Chairman, Imperial Council of Agricultural Research.

Mr. R. C. Srivastava, B.Sc., Sugar Technologist to the Imperial Council of Agricultural Research.

Mr. S. R. Zaman, I.C.S., Offg. Additional Deputy Secretary to the Government of India, Department of Education, Health and Lands (Secretary to the Conference).

AGENDA.

1. To consider whether having regard to the present demand for sugar in India and its possible expansion in the future, the present rate of development of the sugar industry is satisfactory, excessive or inadequate.

2. To consider whether, either the sugarcane growers or the sugar manufacturers are unduly benefited at the expense of the consumer and whether the benefits of the protection granted to the industry are being fairly distributed between different interests.

3. To consider whether in the interests of the sound development of sugarcane cultivation and of the sugar manufacturing industry it is desirable and practicable to regulate the relations between sugarcane growers and sugar manufacturers whether by zoning, licensing of factories, fixation of cane prices or other means.

4. To consider whether legislation is necessary for the better regulation of the Indian sugar industry and, if so, to what extent such legislation should be central and to what extent provincial.

PROCEEDINGS.

First Day.

The Sugar Conference met at 10 30 A M on Monday, the 10th July, 1933, in the Committee Room of the Legislative Assembly Chamber, the Hon'ble Khan Bahadur Mian Sir Fazl i Husain, K C S I, K C I E, Kt, Member for Education, Health and Lands, in the Chair

Chairman Honourable Ministers and Gentlemen, my Colleagues and I welcome you to Simla and to this Conference Some of you have come from distant places—Madras, Mysore, Hyderabad, Bombay and Bengal—after a tedious, tiring journey, extending over several days, and all of you have had to give up your work in your Provinces and States When considering whether this Conference be held or not, I had to place in the balance, on the one side, your inconvenience, your giving up work and cost to the State, and on the other, the great importance of the subject—the present position of the sugar industry

Agriculture and industries are both provincial and transferred subjects, and the Hon'ble Ministers in provinces are responsible for their administration The general economic condition in many parts of India has been and is far from satisfactory One cannot help paying a tribute of admiration to the industry, patience, perseverance, courage and faith of the cultivator (in those parts) who, under the existing adverse economic conditions, continues to pursue his work which does not bring him a suitable return, and it will not be fair to withhold appreciation from the land owning class who, for some years now, have found their income dwindling, and in some places, reduced to a vanishing point It is gratifying to note that local Governments of these parts have shown great wisdom and responsiveness in distributing Takavi, in remitting revenue where necessary, and in all cases, sympathetically tackling the problem This great calamity of economic depression and financial stringency has now been stalking the country for nearly three years It has placed a very great strain on the resources of the country till in many places they are believed to have been exhausted, but it is a matter of no small satisfaction that local Governments, land owners and the cultivators have co operated, stood together, shared the [illegible]

[illegible] people, by ventilat[illegible] hat as troubles are [illegible] that their Governments are giving such relief as they can, though it be only to a limited extent, have shown a high sense of responsibility at such a critical juncture

When the general agricultural outlook is so gloomy, so dismal, so depressing, the sugarcane crop is like a ray of sunshine, and it was indeed very fortunate that two years ago the development of sugar industry was taken in hand Fiscal protection was granted to the sugar industry, largely because of the importance of the sugarcane crop to the general agriculture of the country It has been

given a high degree of protection for a comparatively lengthy period, and it is of the utmost importance that an efficient industry be built up; and I understand the condition precedent is that the essential identity of interests of cane growers and factory owners be recognised. The cane-sugar industry is unique amongst the larger industries of the world in its dependence on regular supplies of *freshly* harvested raw material. The high standard of technical efficiency reached by such countries as Java and Cuba has only been achieved by a very high degree of co-ordination between cane production and sugar manufacture.

Our chief factory-sugar producing provinces are the United Provinces and Bihar and Orissa, but others are also making an effort to set up factories. The Imperial Council of Agricultural Research is doing all it can to help the provinces. Research is being conducted, facts and figures collected, classified and made available. A Sugar Committee has been set up and is functioning most zealously and industriously. The present is the most momentous occasion in the development of sugar industry. Each province knows what it is doing, what it is aiming at, but it is also necessary for each one to know what *others* are doing. This vital necessity of co-ordination of effort demands the holding of such conferences to take stock of the work done, to examine the proposals for the future, to tackle the problems which have already arisen.

These were the considerations which impelled me to ask the local Governments whether the holding of a conference commended itself to them, and the response was so strong and so unequivocal that it resulted in our meeting here to-day.

I will not, at this stage, attempt to review the work already done, or to formulate the programme for the future. You have a heavy agenda before you, and I will not linger any longer on welcoming you, except to assure you that we very much appreciate your coming here and wish to make your stay here as pleasant as the weather and the strenuous work before you will permit.

How shall we proceed to business? We have been supplied with some literature, most of it by our Sugar Technologist, who, if I may say so, has shown considerable zeal in entering into the spirit of the great enterprise—setting up an efficient sugar industry capable of facing world competition. Probably, the best course to adopt is to take up the items of business on our agenda one by one. With your permission, then, I will take up Item 1, which deals with, firstly, the present demand for sugar in India and its possible expansion, and, secondly, the present production of sugar in India and its probable expansion. Two notes on this subject have been prepared by the Sugar Technologist. The first describes the development of the Indian sugar industry, using that term in its broadest sense, during the last ten years. The second deals more particularly with sugar proper as distinct from *Gur* and other sugarcane products. In it an attempt has been made to forecast the position of production relative to consumption as it will be in the manufacturing season, 1934-35. In the first note, the best statistics available have been utilised. Unfortunately, it has been necessary to make estimates of production of sugar by the Khandsari process as no statistics exist for that branch of the industry. Table I is of special importance, for it shows how both the cane area and cane production have expanded recently. Indeed, the success achieved in introducing improved

varieties of cane is most gratifying Table IX indicates that notwithstanding the increased manufacture of sugar, the net production of *Gur* has also rapidly increased In the second note the estimates of future production have been based on the latest information obtainable, but it may be emphasised that these are only estimates, though as carefully made as possible There are no Indian statistics for consumption, and hence it has been necessary to calculate the apparent consumption indirectly from the figures for production and nett imports An attempt has been made to forecast the position in 1934 35, and it is anticipated that then India will be producing about as much sugar as she consumes at present From the supplementary note, it will be seen that 124 factories are expected to be at work in 1933 34 It is for the consideration of the Conference whether the present position is as stated, and if so, how that fact should guide our future policy

I shall be grateful if the Conference now proceeds to discuss this item with a view to arriving at a suitable answer to the question put in this item

Perhaps the Conference would like to hear some representative of the United Provinces

Mr J M Lownie · I do not think that we can say that the rate of development is inadequate In the last few years the number of sugar factories has increased and it is going to increase from something like 30 to 116 within the short period of two years I do not think it is inadequate The question therefore is whether it is satisfactory or excessive It is excessive in that the location of so many new factories is if I may so call it, parochial or provincial, especially in the case of the United Provinces and Bihar and Orissa Mr Srivastava s figures for 1933-34 show that in the United Provinces the area under cane is 1 800 000 acres and the number of factories is estimated at 64 In Bihar the estimated acreage under cane is something like 3,00 000 acres and the factories are 34 in number mostly in North Bihar The expansion in these two Provinces is excessive Taking India as a whole there are large areas in Madras and Bombay and perhaps Punjab where the area under cane is increasing and the number of factories is very small These provinces naturally wish to develop their cane production and wish to have a market for that production and to establish more factories If they expand at the same rate we shall have serious over production According to Mr Srivastava the number of factories running and projected will in less than two years time produce a quantity more than sufficient to meet India s consumption I therefore think that as between satisfactory and excessive it tends to be excessive

Mr D P Khaitan · As you have already explained the first question that we are now discussing relates to the present demand for sugar in India and its possible expansion in the future and whether the present rate of development of the sugar industry is satisfactory, excessive or inadequate We are obliged to the Sugar Technologist, Mr Srivastava for having given us very carefully connected and comprehensive figures I will [illegible] because I take it you have all read them carefully In [illegible] decision as to whether the rate of development of the sugar industry is satisfactory, excessive or inadequate, we can look at the problem [illegible] view One is from the point of view of the whole of India and [illegible]

the point of view of the different provinces. If we look at the question from the point of view of the whole of India, treating India as one unit, we cannot but say that the rate of development is very satisfactory, more satisfactory than the Tariff Board had ever contemplated and I am sure, Sir, more satisfactory than the Government of India had ever expected it or wished it to be having regard to its revenue part of the problem, but the object of protection is that as soon as possible the country should become self-sufficient as regards supply to meet the whole of the demand. As Mr. Srivastava has already shown us, he expects that by the year 1934-35, that is within four years of the grant of protection, the supply of sugar will be more than adequate to meet the demand. I might go further and say that he has been rather cautious in his estimate of the production. My own belief is that by the end of the season 1933-34 the production will meet the whole of the demand in this country. If my belief is wrong, then at least by the end of 1934-35, according to Mr. Srivastava, the sugar produced will more than meet the demand. Therefore I hope we shall all view with the greatest pleasure from the point of view of India as a whole as regards the rate of development of the sugar industry. Then as regards the question whether the rate of development has been excessive, from the figures that have been given by Mr. Srivastava from the point of view of India as a whole, the rate of development has not so far been excessive because at the present moment the supply has not exceeded the demand and according to Mr. Srivastava the estimate will not exceed the demand in the season 1934-35, so that from the point of view of the whole country we cannot yet say that the rate of development has been excessive. But in this connection I would draw your attention to another point of view, namely the point of view of the different provinces. Now, I represent the sugar manufacturers of Bihar but I cannot isolate myself from the feeling that I have as much interest, it may not be personal, but as an Indian I have as much interest in the development of every other province. It is my firm conviction that in order that India may prosper it is desirable that each province should, so far as possible, prosper along parallel lines. Bengal is a province with which I am intimately connected and I know that sugarcane cultivation there has immensely increased during the last two years, much to the benefit of the agriculturists of that province. Bengal is a province in which the sugar industry will go and I submit should be allowed to go. Already I know that four big factories are going up. They are not all mentioned in the list of Mr. Srivastava. Those of you who have read the opinion expressed by the Bengal National Chamber of Commerce will know their interest in this matter and their eagerness that even if the province cannot erect big factories they should be in a position to erect smaller factories, say of 100 tons or 150 tons, so that the people of the province may benefit by the protection that has been given. I am giving this example in order to impress upon this Conference the necessity of looking into the needs and ambitions of other provinces also. Similarly, although I am not so intimately connected with the Madras Presidency I have reasons to believe that people there are anxious to develop sugar factories. Bombay surely cannot be ignored having regard to the fact that the cotton industry has developed there so much and the people there have got an industrial mentality.

Then, Sir, last but not least, I cannot ignore your own province, namely, the Punjab, where also the people have got industrious habits and would like to

develop this industry Now, Sir, I have mentioned all these facts at some length because I believe that while the development of the industry has been excessive in Bihar and the United Provinces it has not been excessive or even adequate in the other provinces and we should seriously consider whether some thing should not be done so that the excessive nature of the development in the two provinces, namely, Bihar and the United Provinces, may not clash with the development of the industry in the other provinces

As regards the adequacy or inadequacy of the development of the sugar industry, I have already submitted that from one point of view it can be con sidered to be adequate and from another point of view it cannot be considered to be adequate The point of view from which it can be considered adequate is that the rate of development has been very quick and we are on the threshold of the vision when the present demand for sugar will be met by internal resources From that point of view it can be said to be adequate, but it is quite likely that the taste of the people may change and those who are consuming *Gur* at the present moment may take to white sugar and therefore the con sumption of white sugar would increase in the future I am one of those who believe that the consumption of white sugar will increase in the future and from that point of view I think that there is still room in India for the further development of the Indian Sugar industry

Mr S P Rajagopalachari . Sir, I should like to present the point of view of Mysore which is greatly interested in the manufacture of sugar I think that point of view would also be slightly different from the inferences to be drawn from the information we have been supplied with by the Sugar Technologist My first answer to the questions arising out of item I would be that sugar development is adequate enough in order to meet the existing de-mands but that it is not adequate enough to meet the needs even of the imme-diate future much less of a fairly long period, say during the period during which the Sugar Protection Act will be in force I will illustrate my remarks with the state of things in Mysore We have got 36 000 acres of sugarcane cultivation now, and in the Irwin Canal area we have at present 10 000 acres fit for sugarcane It has a perennial supply of water the climate is good, the soil has been declared by the Agriculture Department to be quite suitable for sugarcane and what is more important the Mysore Government are keen on introducing sugarcane as this is the best way of making the most econo mical use of the large storage of water which we have got now in the reservoir As Honourble Members know, paddy requires lot of water, much more water than sugarcane does Therefore we want to divert the water for sugarcane instead of having larger area under paddy cultivation So, we have got 10 000 acres which can be cultivated immediately During the next few years we will have about 30 to 40 thousand acres and we want to utilise that large area as far as possible for sugarcane cultivation After having encouraged the development of sugarcane cultivation in order to make an economic use of our storage, it is quite desirable that sugarcane cultivators should be shown the way to sell their cane in the most profitable manner possible That cannot be done merely by encouraging them in the manufacture of what we call in the

south Jaggory. In selling that cane to the factories we must use the most modern appliances for extracting sugar from the sugarcane. Now, even this area of 10,000 acres that we have got at present would require, at the rate of about 3,000 acres for an average factory, three factories more and for the 30,000 acres which we expect to have in the immediate future, at the rate of about 3,000 acres, we would require 10 factories to deal with the sugarcane in that particular area alone. We have now started one factory and that will be for about 3,000 acres. We are therefore immediately faced with the problem of starting more factories in order to find a ready sale for the sugarcane that would be cultivated in that area. I am speaking not so much from the point of view of the consumption of sugar as from the point of view of the land which is available immediately and which is very suitable for the cultivation of sugarcane. It follows from the existence of such a large area that we should have more sugar factories. Naturally, the problem will then arise as to how the sugar is to be sold. I would suggest two methods in this behalf. In the figures that we have been supplied with, the consumption of sugar has been taken as a sum-total of imports as well as the output of factories for the refined sugar and also from the refineries. No allowance has been made for the probable increase of consumption if the economic depression which we are passing through is lifted. When people have got more resources it is just possible that the *per capita* consumption is likely to rise. The next point has already been adverted to by the previous speaker, namely, the possible replacement of the consumption of *Gur* by the consumption of refined sugar. That may or may not be possible, but that factor has also got to be taken into account. So, our idea is that while the present sugar factories are fairly adequate to meet the present needs, they cannot be said to be enough if we take even a fairly short-long view of the situation. They are not enough even for the period during which protection will be in force.

The Honourable Khan Bahadur Saiyid Muhammad Hussain : Sir, As I have only recently taken over charge of my office, Mr. Prior, the Revenue Secretary sitting to my left, who was dealing with the subject from before has come here to represent the views of the local Government. Hence, he will speak on this subject.

Mr. H. C. Prior : Sir, my Government consider that it is unlikely that factory white sugar will be able to capture to any great extent the *Gur* market and to substitute white sugar for *Gur*. Therefore, they think that the figures supplied by the Sugar Technologist give reason to suppose that the white sugar consumption in India will shortly exceed production. They consider that these figures should be very widely published. They consider that up to the present moment the development of the sugar industry has not been excessive but as the rate of development increases, there is reason to suppose that in the near future it may become excessive. Since I have come here, two members, one from the United Provinces and the other from Bihar and Orissa, have both stated that they consider that the development of sugar factories in Bihar and Orissa has been excessive. That, Sir, is a view which my Government, I think, would not support. The white sugar factories that exist in the north of Bihar

have been able last year to crush almost all the cane that was produced in North Bihar Next year we anticipate that the cane produced will be just sufficient to meet the requirements of the white sugar factories The north Bihar ryot has got used to growing cane He has got used to selling his cane to white sugar factories and if he cannot find white sugar factories for his cane, he will be in a very bad way because he has lost the habit of turning his cane into *Gur* In South Bihar the rate of progress has also not been excessive Factories are beginning to go up but the supply of cane is very large and a large amount of cane is being turned into *Gur* and is being exported to *Gur* refineries in other provinces If the demands for *Gur* from *Gur* refineries drop, the position of the ryot in South Bihar will be bad and the cultivation of cane must go down If white sugar production is to be increased, it can be done only in three ways One is by an increase in the export but though the Tariff Board mentioned this possibility on page 37 of their report it does not seem likely now that the Indian white sugar will ever be able to compete with Java sugar The other two methods have been already mentioned by the last speaker, one of them being the increase in the *per capita* consumption of sugar That does not seem likely in the present economic condition of the country As regards the third point, namely the capture of the *Gur* market, my Government do not think that this is likely but it seems that if any portion of the *Gur* market is captured by white sugar, it must follow that the area under cane in India will go down At present about 10 maunds of *Gur* is produced from a hundred maunds of cane, but that 10 maunds of *Gur* only contains about 60 per cent of the sugar contained in 10 maunds of white sugar If therefore white sugar is substituted for *Gur*, the area of cane grown must go down, and there might be a risk of this occurring if white sugar factories increase to such an extent that they are forced to try to capture the khandsari and *Gur* market

Syed Nizamuddin Hyder : Sir, I consider that the speed of development of sugar manufacture so far has been satisfactory, and I congratulate the Government of the United Provinces and Bihar and Orissa to have taken the lead But, according to Mr Srivastava's figures, we find that it will not be long before the United Provinces and Bihar and Orissa with their present speed of development will produce all the sugar that is required in India That will leave the other provinces with no market in India My own State is greatly interested in sugarcane cultivation and sugar manufacture The Government have spent crores of rupees on irrigation projects, the financial success of which depends mainly on sugarcane Under one project, the Nizamsagar, we are introducing the Coimbatore varieties of cane, and that project alone is going to give us about 20 thousand acres of cane We are shortly going to establish a sugar factory in this area, and we are already consulting Mr Srivastava about this scheme Then, there is another big project under contemplation, the Tungabhadra project, which is expected to give us about 30 thousand acres of cane Then, there are other smaller projects, which will also contribute a considerable area Similar is the case in the southern provinces of Bombay and Madras and the Mysore State and in [illegible]
the Punjab I, therefore, suggest that th[illegible]
established in the United Provinces and

operate and those which have been ordered may come into existence, but while congratulating these two provinces, I would request them to let us have a chance.

The Honourable Khan Bahadur Saiyid Muhammad Hussain : I beg to move :

Whereas the recent development of the sugar industry in India has been rapid, although it cannot be said to have been excessive, and whereas owing to the general fall in the price of agricultural produce, there has been a natural tendency towards an increase in the area under sugarcane, the Conference is of opinion, firstly, that when the modern factories now under construction are working at full speed, it is likely that these and the existing factories will produce sufficient white sugar to meet the existing white ugar consumption of India, secondly that in view of the consideration that whilst the potential supply of raw material is very large, the demand for sugar in India is limited, further extension should be carefully watched in the interest of the establishment of a sound industry, thirdly that if the production of sugar expands beyond the actual requirements, it would be extremely difficult and indeed almost impossible for any reasonable level of prices for *Gur* to be maintained.

I commend this resolution for the acceptance of the House.

The Honourable Mr. J. P. Srivastava : We in the United Provinces are not so pessimistic. We have actually found that white sugar is taking the place of khandsari sugar and even of *Gur*. In Rohilkand, a lot of khandsaris have gone out and people are using white sugar. We also know that at the present price of sugar it does not pay the khandsaris to work and as long as this low level is maintained, there will be greater and greater opening for white sugar. Although therefore we should proceed with caution in the matter of the establishment of new factories, I will not quite say that the limit has been reached for all times. The resolution as it stands has our support because it is based on to-day's consumption of white sugar on which basis the limit would be reached next year. We wish to make it clear that there may be greater consumption in future years in which case the establishment of further factories would be justified.

The Honourable Dr. Gokal Chand Narang : I have listened with great interest to the speeches made by the representatives of the various provinces and I am glad they have taken so much interest in this practically nascent industry in India. The question before us is whether the development has been excessive and adequate or satisfactory. I think the development has been satisfactory. There is no inadequacy so far as the present demand is concerned but I am not prepared to agree that the development has been excessive. The consumption of white sugar in India is very low at present because the country is poor and if circumstances improve, the consumption would increase. In some other countries the consumption per head is about 100 lbs., while in India it is about 20 lbs. and we are probably, leaving China, the poorest sugar eaters in the world. Therefore, there is every hope that if white sugar becomes cheaper as it must with the multiplication of factories the consumption of white sugar will increase and there I draw the line. I studied

e question with great care and the conclusion I have arrived at is that so far the number of factories is concerned the limit has been reached Any rther extension in the number of sugar factories will be determental to the erests of both the grower and the miller, the cultivator and the capitalist is does not, however, mean that all possible development has taken place and will grieve many patriotic representatives here to know that the methods have been following upto this time have been very uneconomic I can give u two instances In Java which presents a very remarkable instance of velopment of sugar industry, every acre produces on the average 50 tons of ne while we produce about 13 tons That is according to the figure supplied the official Technologist If that is so, it means that so far, our methods of ltivation are only 25 per cent of Java methods so far as efficiency is concerned d it will be to the obvious advantage of the cultivator if Government turns its tention to the improvement of agriculture in the country by giving them all e help If the cultivator can raise the yield from 13 tons to 30 tons it will ore than double the output without covering an inch of more land by sugar ne than at present Then the *second line is efficiency of our mills* From e figures supplied to us the efficiency as judged from the extraction percent e in Java is 12 per cent while here it is nine There are many factories in dia which produce even less than nine We therefore lose 3 per cent in traction and 37 tons per acre in the yield of the crop These are the lines on hich future development should take place Whereas from every acre of garcane in Java they get 6 tons of sugar, we in India get only 1 17 taking e official figures of 13 tons per acre and yield of 9 per cent of sugar extraction he loss is too painful to contemplate I would therefore submit that future velopment should take place on lines other than the multiplication of fac ries I may also indicate some of the ways in which Government should sist the cultivator and the miller Primitive methods must be abandoned, overnment should provide for more irrigational works If no canals are ossible, Government should advance money through some organization to the ltivator for sinking tube wells Even in the eastern part of the United Prov ces where rainfall is heavy there are seasons of drought and a great deal of garcane withers and dries up particularly if there are no rains soon after the wing In such cases tube wells are necessary I can assure the Government at millowners would be glad to co operate with Government We have sunk veral wells not only in factories but in fields to help sugar cane growers in asons of drought I have no doubt that those who are interested in the anufacture of sugar by modern methods would be prepared to help the culti tors in this respect But they alone cannot do the whole thing They can ly supplement Government's efforts in this direction Then there is another ing Some of the poor tenants who are not properly assisted by their landlords d have no factories in their immediate neighbourhood cannot even procure od seed which is a great necessity Wherever mills have been set up not only s the quantity of sugarcane increased but the quantity of improved cane has mensely increased From a note which was circulated to us yesterday, it ould appear from table 1 on page 3 of the later note that whereas in 1929 30 r instance, taking factory no 1, the quantity of cane which was supplied was lakhs or so, it rose to 12 lakhs in two years And the same was the case with

the factories which are given in that list. Then, gentlemen who are familiar with the methods of cultivation in the United Provinces, particularly in the eastern portion of the United Provinces, would know that the cultivator beyond ploughing his field and putting in the seedlings really does nothing to improve the crop. There is not even weeding done by them and there is almost no manure used. This is another way in which Government and the millowners can assist them. I need not go through all the methods by which cultivation can be developed. The Council of Agricultural Research is the best authority on the subject and I am sure they have thought out plans by which cultivation can be improved.

Then so far as the efficiency of mills is concerned we have a sort of complaint that the arrangements made by Government for supplying technical assistance to the mills are really very inadequate. Particularly, when the number of mills has multiplied there has been a great scarcity of experts. There is a great dearth of competent mechanical engineers and a great dearth of competent chemists; and so far as I am aware, Government have not been able to render any assistance to the millowners in supplying them with either mechanical assistance or with chemical assistance. The efficiency of a mill depends upon the combination of good engineers with good chemists, and if Government come forward with assistance in this direction there is no reason why the efficiency of mills should not improve. And I have no doubt that if you can raise the percentage of extraction from 9 to 12 and the yield of sugarcane from 13 tons to anything like 50 tons or even 30, all the sugar that you require will be supplied without adding one factory to the number of the existing factories or the factories which by the end of the season will have come into existence. The number of mills will be 117 or so at the end of the season and there is really no room for another factory. It may be objected—and I anticipate that objection—that most of these mills are concentrated in the United Provinces and a part of Bihar and therefore the cane cultivators in other parts of India do not derive any benefit. But what I feel is this that the whole country should be treated as one, as representing practically one family divided into two parts of cane growers and cane millers and no inter-provincial rivalry ought to be allowed to be set up, because it will be ruinous to both, and the sugar that will be produced in India by the end of the season of 1934-35 will be quite sufficient to meet the needs of the whole country. And in order to supply it at a cheaper rate to the people in other provinces we must approach the Government of India in the Railway Department. The freights in this country are extremely excessive and probably have never been fixed with a view to assist the industries of this country. They have probably been fixed only from one point of view, namely, revenue. I need not go into this question; it has very often been discussed in various conferences and by various commissions. This is another direction in which Government assistance is required both for the grower and for the mills; and if all this assistance is forthcoming, I am strongly of the opinion that not a single more factory is required.

The Honourable Mr. P. T. Rajan: I am afraid Madras cannot accept the Resolution moved by the Hon'ble Minister from Bihar. Madras consumes sugar to the extent of 100,000 tons a year and in 1932-33 the import of sugar

by sea was 55,000 tons And if we want sugar we have to go either to Java or Northern India, unless more factories are set up in Madras The Tariff Board has emphasised that "the strongest aspect of the case for protection" of the sugar industry "is that based on the national importance of promoting the cultivation of sugarcane" From that point of view there is need for an extension of sugar factories in Madras There is only one factory at present—Messrs Parry & Co —which is working on the manufacture of sugar from sugarcane New factories, five in number, will be set up and the results can be seen only next year, but they can only produce sugar to the extent of 10,000 tons next year Viewed from both these points, there is necessity for the establishment of more factories in the Madras Presidency I should also like to say that from the point of view of climate we are more advantageously placed than any other province in India

When the tariff was proposed for a limited period it was hoped that within that period India would be in a position to produce her own sugar If Madras, though tropically best suited for sugarcane cultivation, had not taken it up earlier on a large scale, it was because hitherto, paddy in Madras has been paying a good price During the last two years the price of paddy has gone down to such an extent that it does not pay more than Rs 20 an acre as net return Therefore Madras is obliged to go in for more sugarcane cultivation

I should also like to refer to that aspect of the report which dealt with the prices of sugarcane both in Northern and in Southern India In their report the Tariff Board said that the cost of raising a maund of sugarcane in Northern India is 4 to 5 annas and 7 to 12 annas in Madras These figures now require revision in view of the fact that the informal inquiries that were made recently show that the cost has now come down to anything from Rs 17 to 10 a ton, which works out to about 4 to 6 annas a maund This reduction has been brought by a fall in prices, chiefly of manures, secondly a slight fall in wages, and thirdly due to the departmental propaganda in the cultivation of sugar cane

Chairman : I understood you to say that you could not support the Resolution moved by Bihar Which part of the Resolution do you object to? I think there is some misapprehension Perhaps if you read the Resolution you will find that it is the speech that you object to and not the Resolution

The Honourable Mr. P. T. Rajan : I thought the Resolution said that there should be no more new factories than the existing ones At least that was the impression I got from the speeches of the previous speakers I wish to put the case for Madras and show how important it is for the Madras Presidency to go in for more cultivation Hitherto it has been thought that canes produced in Coimbatore have been suitable only for the Northern Provinces But recently in one of the Government farms Co 213 has been raised and it has been found very suitable with a yield of 35 to 40 tons and the cost of cultivation of one ton comes to only Rs 2 8 Though this has been done only in one farm, it has been corroborated by my friend Mr Narasimha Raju who is a great agriculturist and who has gone in for sugarcane cultivation If India is to produce her own sugar I believe each province should have an

opportunity of producing sugar and by the time the tariff is withdrawn they should be in a position to compete with Java and other countries which are said to produce sugar cheaply.

Then I should like to refer to another point. The forecast of the Sugar Technologist is based on the belief that there will be no expansion of sugar cultivation after 1934-35. I should like to suggest three ways by which there can be expansion. Along with the consumption of about a million tons of sugar, there is in this country a consumption of about three million tons and more of jaggory. If the price of sugar is not much higher than that of jaggory, there is no reason why some of the consumption of jaggory should not be replaced by the consumption of sugar. Again, the consumption of sugar and jaggory in India is only about 27 lbs. per head which is considerably smaller than in many other countries. Therefore there is also scope for expansion of consumption of sugarcane products in India though this is not likely to be immediate. Lastly, in these days of Empire preferences, it may be possible to arrange for export of sugar to the United Kingdom. On this subject, if there is time, my Hon'ble friend Mr. Kumaraswami Reddiar, who is in charge of Industries, will say something. In view of these facts I certainly say that the development, so far as my province is concerned, is satisfactory. As to the other question whether it is excessive, my answer would be No.

The Honourable Sardar Sir Jogendra Singh : Just one word in connection with this resolution. I think the problem varies from province to province and it is quite possible that Bihar and the United Provinces may have reached a stage where they do not require further expansion, though at the present stage—I have been interested in sugar industry for the last 20 years—I am not prepared to say that the time has arrived when any restriction should be placed on the expansion of sugar industry. Take for instance the Punjab. We have now increased our sugarcane cultivation from 300,000 to 500,000 acres and we have only 2 sugar factories working. How can we accept that there should be a restriction on the establishment of any sugar factories in the Punjab ? Again, as to the question whether there has been any increase of production on the agricultural side, Mr. Srivatsava—I want to congratulate him on the material that he has supplied us—has very clearly shown that the area has increased from 3 million to 3·4 million acres, and the production of cane has increased during the same period from 39 million tons to 50 million tons. So, so far as production on the agricultural side is concerned, I think the production has been increasing. I do not want to detain the Conference any more beyond recording my protest that we at present are not in a position to restrict expansion of sugar industry in India.

Chairman : Gentlemen, we have listened to a very interesting discussion. This was the first item on the agenda and it was therefore but natural that in our enthusiasm we should have travelled beyond the exact scope or limits of this item. The item under discussion is whether in the light of the facts disclosed it can be said that the rate of development is satisfactory, adequate, or excessive. We are all agreed that on the facts disclosed it is not excessive. The discussion on the point that it is excessive in the United Provinces for United Provinces purposes, or in Bihar for Bihar purposes but not excessive so far as India's requirements are concerned, is an extraordinarily interesting one

but it is not exactly within the purview of this item on the agenda Similarly, the question as to whether in provinces where factories have not for the time being been established, the Governments of these provinces should encourage the establishment of factories or discourage such establishment—that again is a most interesting subject and I have no doubt that each province will go its own way after taking into account the chances of competition from neighbouring provinces which have been in the field before them Two provinces are really approaching the Commerce Member of the future, one saying that the freight should be reduced and the other urging that it should be increased—the United Provinces probably pressing for a reduction of freight and Madras Bombay, and the Punjab pressing that it should be increased so that their provincial factories may progress and develop Well, these are problems for the future when autonomous provinces will have to ask somebody to arrange conferences like the present one for them where they can meet, know their respective progress and try and persuade each other against competition which may not be beneficial to all and so on But these are, as I say, problems for the future and India must face them as Europe is facing its problems to day

The resolution that has been moved is, so far as I can see, a non contentious one inasmuch as it gives expression to the view that at the stage already reached it can only be said that it is not excessive and that on the whole the progress is satisfactory I think on that point we are all agreed The next is that the factories that are actually established will in another year or two be able to produce for India the amount of white sugar that India is at present using It does not touch the possibilities or otherwise of expansion of consumption of sugar either by increase or by substitution of white sugar for sugar produced by the old method There again, as I said the wording of the resolution is such that we are all agreed on it The third point is not that further extensions should be stopped or be encouraged but what is said is this, namely, that in view of the consideration that whilst the potential supply of raw material is very large the demand for sugar in India is limited, further extensions should be carefully watched That is obvious because if the Punjab, as the Honourable Minister for Agriculture says if Madras as the Hon'ble Public Works Minister from Madras says, if Mysore as has been said by the representatives of Mysore, and in all probability Bombay, are going to put up their own factories, surely the Honourable Ministers from Bihar and the United Provinces have to take note of the fact whether in the light of that information they should push their programme ahead or pause and consider [illegible] intentions [illegible] obtain- [illegible] The resolution says that everybody concerned should watch further extensions carefully Then, the last item is extraordinarily important though a non controversial one As sugar manufacture is progressing it is but natural that the agriculturist, whose other money bringing crops have played him false, should [illegible] intimation to Ministers of Agri- [illegible] under sugarcane it will become [illegible] a price for sugarcane because the

law of supply and demand will operate. That again is a matter to which attention is being invited without any suggestion that they should control, encourage or discourage it.

One word more. The position of the Government of India in this matter is one of convenors of this conference and no more. Here are Ministers of Agriculture and Industries with whom lies the decision as to whether their respective provinces will encourage or discourage extension of factories or their being closed down as the case may be. Similar is the position of the Imperial Council of Agricultural Research. They come in only where their advice is sought or where in the course of their researches they get certain information which they feel will be beneficial to the provinces. Therefore the appeals that have been made by several speakers to give help to either agriculture or to industries are really appeals made to themselves. I was in a way surprised at the Honourable Minister of Industries in the Punjab who had the frankness to accuse himself of having failed. (An Honourable Member: He was talking of the United Provinces.) If he was referring to the United Provinces let me hope that when the factories in the Punjab increase and he decides upon establishing them they will receive better treatment at his hands than that received by factories elsewhere.

May I, Gentlemen, in the light of the explanation I have given as to this resolution, know what you think about it?

The Honourable Sardar Sir Jogendra Singh: May I ask whether the first paragraph does not imply that the present factories should be given a *monopoly*? *It says,* "*When the modern factories now* under construction are working at full speed it is likely that these and existing factories will produce sufficient white sugar to meet the existing demand for white sugar." It means that so far as the demand for white sugar is concerned it can be met from the existing factories and therefore the Government should control the expansion of the industry in the provinces and also keep an eye on the growth of cultivation of sugarcane. I am not prepared to accept this resolution as it is worded.

Chairman: May I ask the Honourable Minister whether he challenges what is contained in paragraph 1 that the existing factories have the capacity to produce the amount of sugar that is at present consumed in India?

The Honourable Sardar Sir Jogendra Singh: Mr. Srivastava is of opinion that the production from *Bels* can not be correctly estimated and therefore it is not possible to accept the accuracy of the figures. We may for the present only keep in mind the sugar produced from modern sugar factories.

The *Bel* system is wasteful and if the present state of development continues, it should be our aim to produce the whole of the sugar we require in modern factories.

Rao Bahadur Narasimha Raju Garu: In my humble view the first part of the Resolution does not meet the real question at issue. The way in which we have to look at it is whether the sugar production in India will stand on a sound basis when once the protective tariff is withdrawn. According to Mr. Srivastava's notes, once the preferential tariff is withdrawn Java will be able

to put in the Indian ports sugar at the rate of Rs 3 8 0 a maund The present lowest cost of sugar in one of the ports is Rs 10 and 3 annas a maund. The tariff is Rs 6 10 2 a maund and when the tariff is removed the cost will be Rs 3 8 0 My question is whether any of the factories now working in the United Provinces and Bihar can supply even in their own provinces at this rock bottom cost of Rs 3 8 0 per maund I will say that the progress of manufacture in India is satisfactory only when these provinces are able to sell sugar at the rate of Rs 3 8 0 per maund Then only we will be justified in accepting part 1 of the resolution My point is you should not think only of the present We are to think of what would happen 13 years hence It is clearly laid down that after the period of 13 years the Indian factories must be in a position to stand on their own legs to face the world competition and unless and until the Ministers or Directors of these two provinces are in a position to state that the manufacture of sugar is tending to reach this lowest cost of Rs 3 odd a maund I do not think this will be a true statement of fact in clause one We cannot shut our eyes to the future and judge for the present only Further, it is to be expressly stated in clause two that the expansions in the United Provinces and Bihar should be carefully watched in the interests of the establishment of a sound industry in those provinces

Chairman Should they not be watched to see that they do not come into conflict with the other provinces ?

Rao Bahadur Narasimha Raju Garu It may be the business of the Central Government to watch the developments in all the provinces and if any province feels that the development in another province is rather excessive it may bring it to the notice of the Central Government and the Central Government will be in a position to adjust the development As far as Madras is concerned we have not yet reached that stage and I am quite certain that the development in the United Provinces and Bihar will not be such as to supply the Madras market at the rock bottom level of Rs 3 8 0

Chairman The Government of India have not got the power to say to a province —you shall not open more factories

Rao Bahadur Narasimha Raju Garu But they can advise and co ordinate

Chairman They are doing it now

Rao Bahadur Narasimha Raju Garu From the note prepared by Mr Srivastava it is clear that the development in Bihar and the United Provinces is rather excessive I will only say that the development in the United Provinces is sufficient if they are able to place their sugar in the market of Madras at the rate of Rs 3 8 0 Madras is the nearest port to Java and the moment the tariff is withdrawn things will not be as they are Somehow or other the United Provinces manufacturers have succeeded in getting the freight to Madras reduced from Rs 2 8 0 to Rs 1 4 0 a maund and they shall be able to sell at Cawnpore at Rs 2 4 0 a maund when the tariff is removed in order to supply Madras at Rs 3 8 0 So the whole question should be viewed not from the point of view of production in one corner of India but of the whol [illegible] factories that are now working or that [illegible] be able to

stand competition once the tariff is withdrawn. If any of the existing factories is able to satisfy that condition, I will be very glad to accept this Resolution. The Honourable Minister from Punjab, referred to the development in Java. He has done well to refer to it but I want to know whether he can come up to the level of Java either in the production of cane or in the preparation of sugar. I come from a part of Madras where we hope to come up very soon to the level of Java. If the conference is interested I will just give them the figures as I have calculated. On page 75 of the Tariff Board report, the various figures for the cost of production of sugar in Java are given according to the information received by them and I should like to take the conference item by item if they will bear with me for a few seconds. The cost of raw material in Java comes to Rs. 1-15-3 per maund. Mr. Srivastava has mentioned that in the United Provinces the cost will be Rs. 2-1-4 if the cane is sold at as. 3 per maund. According to my calculations the cost for preparing one maund of sugar will be as follows :—

	Cost in Java. Rs.		Cost in the United Provinces. Rs.		Cost in Madras. Rs.	
Cost of raw material ..	1 15 4		2 1 4	Extraction being 9%.	1 11 0	Extraction 11%.
Cost of manufacture ..	0 4 4		0 9 0		0 5 6	The cost of labour is 50% below United Provinces.
Packing	0 3 0		0 2 9		0 2 9	
Up-keep and repairs ..	0 5 0		0 5 6		0 5 6	
Overhead charges and taxes	0 8 4		0 9 0		0 7 0	The salaries will be low in Madras as compared with the United Provinces.
Carriage of sugar to ports	0 3 0		1 4 0		0 1 0	
Selling expenses ..	0 1 0		0 1 0		0 1 0	
Depreciation	0 7 0		0 5 10		0 5 10	
	3 15 0		5 6 5		3 7 7	
	0 9 5	Add revenue duty at 15%.	0 2 5	Interest on working capital.	0 1 5	Interest on working capital at 6%.
			0 13 4	Interest on capital.	0 13 4	Interest on capital at 6%.
	4 8 5		6 6 2		4 6 4	

Madras expects to realise at the present cost of sugar the whole of the capital invested in the course of five years and have sufficient working capital also so that no interest charges need be calculated thereafter and these two amounts which represent a sum of Re. 0-14-9 may be paid to the grower thereafter and the grower will therefore get Rs. 2-9-9 for his 9 maunds of cane which

will give him Re 0 4 7 per maund The factories in Madras may even build up good reserve funds during the period of protection in order to pay the cultivator even higher rates

The variety of Co 213 has been grown for a number of years in the tropical part of my country and according to the results recorded by the Agricultural Department in Madras, the cost of cultivating Co 213 is less than Rs 100 per acre and the output is more than 36 tons per acre In the United Provinces I understand the sucrose contents of canes is nearly 11 5 according to the Tariff Board Report and in Madras at Anakapalli Government farm the maximum contents of 213 is 18 2 bricks, 16 sucrose and 87 purity and the average contents are 17 3 bricks, 14 8 sucrose and 85 7 purity From this we did get sugar even on the Khandsari system in the neighbourhood of 7½ per cent with an extraction of only 62 per cent juice We are sure to reach even on the Khandsari system in the neighbourhood of 10 per cent with an extraction of 72% and in a factory we expect to reach 11 per cent Therefore, we may be able to reduce the cost of cane in my part of the country to the low level of Rs 1 11 0 per maund

Chairman But don't you think that you have to convince the Ministers of your province rather than this Conference ?

Rao Bahadur Narasimha Raju Garu I do not want to take the trouble of convincing my province I will go on with my methods of cultivation and organization I have already devoted a good deal of my time I have organised two co operative societies, I have ordered the machinery and I am going to start them to begin work in the month of December this year Therefore, if you introduce the words "Bihar and Orissa", in clause two, I have no objection If you want to make the clause applicable to Madras also I do not understand the necessity for it There is no development at all in Madras So, if you want to pass it as it is, I have to oppose it

Chairman Is there any other Member who wants to limit Item No (*ii*) to Bihar and Orissa ?

The Honourable Nawab K G. M. Faroqui : Though the resolution appears to be non committal, some of us cannot help apprehending that as a result of our now adopting items (*i*), (*ii*) and (*iii*) of the resolution, the Bihar and Orissa and the United Provinces Governments might, later on, come forward to the Central Government with definite proposals for restricting the starting of new factories elsewhere by legislation Will it be possible for the Honourable the President to assure us that there will be no legislation for restriction as a result of this resolution being accepted ?

Chairman : I can certainly assure the Conference that the passing of this Resolution will in no way help any of the provinces to come to the Government of India and ask for any particular legislation

Mr S P. Rajagopalachari . Sir, we would like it to be limited to the United Provinces and Bihar and Orissa We have certain difficulties in accepting the proposition as it is But if it is to be applied to the United Provinces and Bihar and Orissa, we have no objection.

The Honourable Mr. J. P. Srivastava : We do not want it to be limited to Bihar and Orissa.

Chairman : Let it be noted that the two Honourable Members of the Conference would like item *(ii)* of the Resolution to be limited to Bihar and Orissa and the United Provinces.

Now, about the preamble. May I take it that all members agree to it ?

Mr. D. P. Khaitan : I wish to make a few comments with regard to the preamble. This resolution, as it has been drafted, relates only to sugar. Resolution I that we are discussing is rather wide in its terms. I therefore suggest that this Resolution, either by altering the preamble or in some other way, be made wider in its scope. Then, with regard to molasses, I do not find......

Chairman : I am afraid I cannot at this stage of the discussion allow any amendments of the resolution.

Mr. D. P. Khaitan : It is not an amendment of the resolution. What I am suggesting is this that the question of molasses has got to be considered seriously.

Chairman : I daresay the Honourable Member might like to discuss this subject under some other resolution. I am afraid in view of the business that is before us I would request the Member to see whether molasses cannot creep into the discussion in the next three resolutions.

Mr. D. P. Khaitan : So long as you give me that assurance, I would not insist on my speaking just now.

Chairman : I cannot give any assurance before the Member's time comes. May I understand that the preamble is acceptable to the Conference ?

The Honourable Sardar Sir Jogendra Singh : I feel myself in a great difficulty about this resolution. A minute ago you announced that the carrying of this resolution would not lead to legislation. If that is the case, then what is going to be the effect of this resolution ? Do we wish to produce an impression outside that this Conference is of opinion that the development of sugar industry has reached such a stage that no more expansion should take place.

Chairman : In no part of the resolution has any mention been made of the fact that no further expansion of sugar industry is permitted.

(At this stage the resolution was read out).

The Honourable Sardar Sir Jogendra Singh : The resolution makes certain assumptions and on their basis conclusions have been reached. Now we have to see whether these assumptions are well-founded and whether the conclusions reached are in the interests of either the sugarcane grower or the sugar industry. The resolution is so worded that certain assumptions are to be made and opinions as to their correctness not only in this Conference but outside are likely to differ. I should like to know whether a stage has been reached when a Conference called by the Government of India should record a verdict which may hamper the growth of sugar industry. From the resolution, as it is worded, people may draw the conclusion that this Conference is of opinion

that the rate at which sugar industry has developed has been rapid though not excessive and that no further expansion of sugarcane cultivation is desirable

Chairman I should be very glad to know what the Honourable Member considers should be substituted in place of the words 'rapid' and excessive'

The Honourable Sardar Sir Jogendra Singh I do not see the need of this Resolution I think it is very dangerous to move a resolution of this kind The development commenced only two years ago and we are not going to say that it has been excessive

Chairman But we are saying that it has not been excessive

The Honourable Sardar Sir Jogendra Singh But you should read the other two paragraphs

Chairman Those who are not in favour of the retention of the preamble should kindly raise their hands

(18 members voted for, and 13 against the adoption of the preamble)

The preamble was adopted

Items (*i*) (*ii*) and (*iii*) were also adopted, the voting being as follows —

Item (*i*) 18 for and 13 against

Item (*ii*) 16 for and 13 against

Item (*iii*) 16 for and 13 against

RESOLUTION

Whereas the recent development of the sugar industry in India has been rapid although it cannot be said to have been excessive and whereas owing to the general fall in prices of agricultural produce there has been a natural tendency towards an increase in the area under sugarcane this Conference is of opinion—

(*i*) that when the modern factories now under construction are working at full capacity it is likely that these and existing factories will produce sufficient white sugar to meet the existing demand for white sugar

(*ii*) that in view of the consideration that whilst the potential supply of raw material is very large the demand for sugar in India is limited further extensions should be carefully watched in the interests of the establishment of a sound industry and

(*iii*) that if the production of sugarcane expands beyond the actual requirements it would be extremely difficult and indeed almost impossible for any reasonable level of prices for *Gur* to be maintained

Chairman I must say I am a little bit surprised Item 1 was not really intended to formulate policy which is a matter which vests in the Ministers of the various provinces If after hearing the Ministers of the different provinces some Ministers do not agree as to what the facts are and want to proceed, there is

nothing in the constitution to prevent their doing so. The Government of India do not contemplate, that by holding this Conference they are going to formulate a programme for the provinces. The entire responsibility for it must rest on the shoulders of the Ministers themselves. I think some provinces are unnecessarily apprehensive of Bihar and Orissa and the United Provinces preventing the development of sugar industry in their provinces. It has already been mentioned that the question of freight comes in. That is a point which has to be noted by the provinces which have got to develop the sugar industry. My one appeal to all the provinces is not to enter upon a sort of cut-throat competition amongst themselves and thereby jeopardise the chances of the establishment of an efficient industry for the whole of India. That is essential and I trust it is not controversial.

The sugar industry was granted a high degree of protection largely because of the value of sugarcane crop to Indian agriculture. There has also been a considerable wind-fall in the shape of the temporary surcharge. Since the prices of most other forms of agricultural produce are exceedingly low owing to general economic depression, it is of particular importance to determine whether the agriculturist has received his intended share of profits. In the note prepared by the Sugar Technologist on the basis of the Tariff Board figures, calculations have been made to suit present-day conditions. In the revised figures of the cost of production and fair selling price no value has been placed on molasses which is now difficult to dispose of. Allowance has been made for the larger capacity of factories and for the lower prices of cane. It will be noticed that on this basis the cost of production is already practically at the level assumed by the Tariff Board for the final stage of protection. In table IV an attempt has been made to estimate the amount available for distribution to the grower taking into account the present average delivery prices of sugar. The result is that with the present price of sugar, reasonably efficient factories can pay Re. 0-8-4 per maund. The actual price is given in the supplementary note. I request you to discuss this item bearing in mind that there is item 3 to be disposed of which really is a contentious item, and an item which involves consideration of policy of great importance. This item, *i.e.*, item 2 is not really one on which a reasonable difference of opinion can exist to a large extent.

Rao Bahadur Narasimha Raju Garu: Mr. Srivastava proposes to divide the profit between the manufacturer and the cane grower. This is a wrong policy. The Tariff Board calculated so much as the cost of cane and so much as the cost of Java sugar in the ports and the difference they have put down as the protective tariff. I submit that the calculation of Mr. Srivastava is not also accurate. The Tariff Board expected the manufacturer to pay during the first seven years at the rate of Re. 0-8-0 per maund and in subsequent periods to pay at the rate of Re. 0-6-0. I object to Mr. Srivastava's calculation at 6 annas per maund. Of course Mr. Srivastava says there are cultivators that sell at the rate of 6 as., 4 as., and so on. That only shows the miserable position of the cultivators and the factory owners are able to avail for themselves all the advantages conferred on sugar industry by the protective tariff and the surcharge tariff now in force. I, therefore, submit that the whole

of the profit as calculated by Mr Srivastava should not be distributed between the cultivator and the manufacturer. Mr Srivastava says "It may be pointed out that on the basis adopted by the Tariff Board, out of the total sale proceeds of Rs 10 0 5 the amount available for paying for cane is Rs 5 8 10, the ratio between the two figures being approximately 10 5 5 If cane were to be paid for on the same proportionate basis under present market conditions, the amount to be paid would be Rs 5 2 6 which works out to Re 0 7 5 per maund of cane, or Re 0-1 5 per maund more than the present actual price

He only recommends as to how the balance should be taken by the manufacturer The manufacturer has got 10 per cent on the capital invested and if the balance of this profit also is allowed to go to the manufacturer, then he will get nearly 11 per cent that is a wrong policy That was never the intention of the Tariff Board or of the Legislature when the tariff was imposed

Chairman : What is your reply to the first part, whether either the sugarcane growers or the sugar manufacturers are unduly benefited at the expense of the consumer ?

Rao Bahadur Narasimha Raju Garu My first point is that the consumer will have to suffer for some time in national interest so that we can put the sugar industry on a sound basis But that is only for a fixed period

Chairman What is your reply to the second part, whether the benefits of the protection granted to the industry are being fairly distributed between different interests ?

Rao Bahadur Narasimha Raju Garu According to my view the manufacturer should never get more than 10 per cent

Chairman Does he at present get more than his proper share ?

Rao Bahadur Narasimha Raju Garu — As a matter of fact the Tariff Board recommended the rate of protective duty on the basis that the cultivator should be paid Re 0 8 0 a maund He is now paid by the manufacturer less than Re 0 8 0 That is a fact mentioned by Mr Srivastava after investigation I presume, and even on that basis there is a profit of Rs 2 and odd, and he wants to divide that Rs 2 and odd between the cultivator and the manufacturer The Hon'ble Minister for Excise has got his own proposition as to how that excess profit should go to the excise revenue But I object to any amount beyond 10 per cent of interest going to the factory men and my view is that the whole of this amount should be paid to the cultivator

(The Conference then adjourned for Lunch till 3 o'clock)

The Conference re assembled after Lunch at 3 o'clock with the Honourable Khan Bahadur Mian Sir Fazl i Husain in the Chair

Chairman I am sure Honourable Members now would like to proceed with the discussion of item No 2, and I believe that they would like the discussion to proceed in a way that could be heard by everybody to enable the Conference to arrive at decisions with precision

Rao Bahadur Narasimha Raju Garu May I know what is the real object of our discussions ? If the Government of India are not to shape the policies

Mr. Chairman, before we further proceed I want to understand the real intention of the Government of India in convening this Conference and the Conference in adopting certain resolutions on the subjects placed before the Conference. If the real intention is that the resolutions will not be binding on the various provinces and the various interests, then a mere discussion from the different points of view will be sufficient. If any resolutions are adopted what is the benefit which the Government of India will derive thereby? Are the resolutions to be recommendatory or advisory? If they are to be recommendatory or advisory to the Government of India and a certain policy is to be adopted by the Government of India on the basis of those resolutions, I can understand that there is some purpose in it. But so far as I can understand from your statement this morning, the Government of India will not have a real guiding hand in the matter; most of it is in the hands of the provinces. If we have a general discussion from different view points and each province on the strength and basis of these proceedings has to shape its own policy, that is quite a different thing and these resolutions are not at all necessary for the guidance of Local Governments. Therefore it is better that we have a good understanding of the real meaning of the discussions or the adoption of resolutions.

Chairman: Am I right in inferring from your speech that you are opposed to having any resolutions moved?

Rao Bahadur Narasimha Raju Garu: If the Government of India consider that they require some recommendation, some guidance from this Conference for any of their purposes, there is a real necessity for adopting some resolutions. If the Government of India do not feel any such necessity, according to my view no resolutions need be passed.

Chairman: I have quite understood your point. The first item was discussed and the discussion concluded with the passing of a resolution, not because the Government of India wanted any resolutions passed to enable it to arrive at any decision on the points at issue. The resolution was put before the Conference because it was felt that ordinarily when a matter is discussed at length in a conference it is but the ordinary practice that the result of that discussion is incorporated in the form of an expression of opinion by the body which has discussed it. There is no inward meaning other than this obvious one in the method of passing resolutions. If the Conference prefers to pass no resolutions but simply discuss, I for one would not insist upon the Conference incorporating the expression of its views in the form of resolutions. If Honourable Members who have come all this distance are satisfied with a general discussion they can very well do so. I shall be glad if Honourable Members who feel that no resolutions should be passed kindly express their views by raising their hands. Afterwards I will ask those who would like to have resolutions passed to also express their views by raising their hands. I think this is the best way of disposing of this matter.

(A count was taken, there were 12 for passing no resolutions, and 11 for passing resolutions.)

12 members say that they do not want to pass any resolutions, 11 say that they want to pass resolutions, and the rest are indifferent whether any resolutions

are passed or not The result is that in order to carry out the wishes of the majority of the members who have chosen to express their views I will not allow anybody to move any resolution on the points at issue but will ask each province to put up a representative to speak on the subject unless of course there is a difference of opinion within the provincial representatives themselves I am afraid amongst some members of the Conference there is an impression that this announcement of mine had anything to do with the proceedings this morning As a matter of fact, I am quite innocent of any reference to this morning's proceedings All I meant was that each province has been asked to send up representatives of cane growers and representatives of factory owners Am I to understand that in every province these two interests are absolutely at one and that there is no difference of opinion between them ? If so, the proceedings of this Conference I hope to finish to day But if there is I should not be understood to mean that I will not let the representatives of different interests in a province to speak on the poin s at issue On this particular resolution will Madras kindly sepak ?

The Honourable Sardar Sir Jogendra Singh If you will permit me, I want to point out two things in connection with resolut ons

Chairman I am afraid we have concluded We will never proceed unless having chosen a path we pursue it

The Honourable Sardar Sir Jogendra Singh The point I wanted to mention was very simple Bihar and the United Provinces have 7 non official representatives and the rest of India 3 The representation of Bihar and the United Provinces is 14 and the rest of India is 22 The rea on why people fight shy of moving resolutions is that the whole of India is not properly represented according to their population

Chairman Will Madras please proceed ?

The Honourable Diwan Bahadur Kumaraswami Reddiyar In one of the notes circulated to us the data on which the Tariff Board based its recom mendations are mentioned and the revised calculations of the Sugar Technolo gist are also mentioned there The revisions have become necessary mainly on account of the change in market conditions but also because as he says, some at least of the data that were available for the Tariff Board were found to be incorrect I am mentioning that, Sir, as illustrating what you were good enough to tell us this morning that these tatements of figures supplied to us are after all forecasts, and though based on as accurate information as may be available, are not certainly infallible and we need not be frightened by them more than is absolutely necessary As a result of the revised calculations the Sugar Technologist now comes to the conclusion that the manufacturer of sugar is making on every maund of sugar Rs 2 7 4 more than what the Tariff Board considered to be the normal or reasonable profit to which he may be considered eligible or entitled

Now, what is to be done with regard to this Rs 2 7 4 which represents about 20 per cent of the outlay on his business, is the question. That is probably the most impor ant question arising under item no 2 of the subjects that

we are dealing with. The suggestion of the Sugar Technologist himself is to give it back to the manufacturer in part and the rest of it to the sugarcane grower.

Chairman: I am afraid that is point no. 3.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: "Whether it is fairly distributed" is the wording.

Chairman: Not the exact proportion unless you maintain that at present it is fairly distributed.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: At present it is not fairly distributed; and the Sugar Technologist suggests a re-distribution.

Chairman: We are not going to adopt his suggestion under item no. 2. It is really under item no. 3 which is really the most important and which really deals with the price.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: That is as between the manufacturer and the sugarcane grower.

Chairman: As between the consumer, the grower of cane as well as the manufacturer.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: If the proposal that is put forward affects the relations between these three sets of people, that would come under this item and not under 3.

Chairman: Under this item all that is before the Conference is whether the present distribution is fair or unfair, without dealing with the question of the extent of its being unfair. What you are discussing is the extent, is it not?

The Honourable Diwan Bahadur Kumaraswami Reddiyar: It is not merely that. I am viewing it in this manner. The present distribution is not fair in this sense that the manufacturer gets more than he is entitled to. Suppose I desire to make a proposal as to how this extra margin of profit which the manufacturer gets is to be used, would that be in order?

Chairman: That would come under 3.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: We consider that sugar manufacturers are getting a great deal more than the Tariff Board expected that they will; and I have a proposal to make as to how this extra profit can best be utilised: I take it that this question would not come in under item 2 under the restricted interpretation you have put upon it.

Chairman: Yes. Is there any other member from Madras who holds a contrary view?

Mr. W. O. Wright: Unfortunately these particular papers have not reached me. So I have not been able to check the figures by which the Sugar Technologist has come to the conclusion that the manufacturer is getting more than his share of the profits. I only know what we are paying for cane in the districts where I am interested in sugar and there we pay Rs. 15 per ton, which is about 9 annas a maund and we also pay a bonus regulated according

to the price of sugar obtained from that cane which last year was equal roughly to another anna a maund I should think that the figures on which the argument is based that the manufacturer is getting more than his share of the profits are not accurate so far as my own part of India is concerned

Dr G. P. Hector It is difficult to give any definite opinion We have no established sugar factories All we can say is that we know that the ryots in Bengal are finding it profitable to supply cane to small factories at 4 annas a maund This is probably due to the fact that in Bengal no irrigation is necessary The Bengal cultivator does comparatively little cultivation and manures to a less extent than in other provinces We know that in Rajshahi the cultivators for the last season sold for 4 annas a maund to small factories and they largely increased their area this season As no large factories actually exist, actual figures for such are not available, but small open pan factories are making fairly good profits at Rs 8 to 10 a maund At present the matter seems fairly well balanced for all parties, but we have little data to work on

The Honourable Sir Sardar Jogendra Singh This matter was carefully examined by the Indian Sugar Committee and their conclusion was 'We have given considerable thought to this most important question and see no reason why a system which has worked so well in Cuba and Louisiana should not work equally well in India'. They proposed that half the sugar produced from cane should go to the cane growers and a sliding scale on that basis was framed by the Indian Sugar Committee which I can place before you if you like At the time when the Sugar Committee went into this question molasses were yielding a fairly good income At present molasses fetch no price whatsoever Therefore so far as this bye product is concerned, the finding of the Indian Sugar Committee is vitiated, but on the other hand there can be no other standard than the one arrived at by the Indian Sugar Committee in the matter of fixing prices for sugarcane

I am puzzled how to move a Resolution on this point which I had framed I hope you will find some way of ascertaining the views of the conference on this matter Now in my province there is one modern sugar factory and they have been working on very poor canes They are getting better quality canes and it is essential that cane grower should get an adequate price It is necessary that we should make use of the molasses so that agriculturists may get a better price

Chairman You cannot move anything There are no data available to you on the basis of which to express an opinion whether the distribution of profit between the manufacturer and the producer of cane is fair or not but your own general impression is that they are not fair to the producer of cane There the matter ends

The Honourable Sir Sardar Jogendra Singh My point is that full price cannot be paid for cane unless full use is made of the by product known as molasses

Chairman You had better leave it till we come to item 3 because I am quite convinced that it does not come under item 2

The Honourable Sardar Sir Jogendra Singh: I hope this conference will be given an opportunity to express an opinion on using molasses for making power alcohol in the interests of the vast majority of cane growers.

Chairman: It does not come under item 2. Whether it comes under item 3 can be decided later or you can bring this subject up at the conclusion of the business of the conference.

The Honourable Dr. Gokal Chand Narang: It is a matter of great regret that I have to express an opinion different from that which my Honourable colleague has expressed and it is a great pity that for one reason or another this House is not allowed to express its opinion in the form of a resolution. This is probably the first conference out of the many I have attended where no dicisions would be arrived at but that is now a thing of the past.

Coming to item No. 2, my Honourable colleague did mention that there was only one factory working in the Punjab and it is a matter of very great regret that being in charge of the Agricultural Department he does not know that that single factory has not up to this time made a single pie by way of profit. It is a limited company. The Government of the Punjab has invested two lakhs of rupees in it and no shareholder of the company has got a shell. There was a time when the shareholders were prepared to sell the shares for 4 annas for the rupee. I was made an offer by the Chairman of the Company but I was not prepared to advise my co-workers to go in for this transaction. It has now been taken over by a lessee and the lessee is working at a loss as is shown by the balance sheet of last year. For this year the balance sheet has not yet been published. Therefore it is not known how much their loss would be this year or if they have made a profit, how much that would be. The Punjab Government itself have lost over this transaction. Even the interest on the capital invested in this company has not been made good and there has been no dividend whatsoever. There are some small factories in the province and they manufacture sugar by the open pan system. Their percentage does not exceed 5 and I know of one very important gentleman who runs a private factory of his own, who produced 800 maunds of sugar in one season and was not able to sell it in the market. I am sure the Chairman is fully cognizant of this instance. Then, if we take other investors of the Punjab who have invested their money in sugar manufacture, they have not made anything worth the name from their investment which amounts to about 60 to 70 lakhs. Those factories have been put up and the working of them has been very unfortunate. One or two companies have made some profits but the other companies have been able to make no profits at all. The price of the cane is about 6 annas per maund. I have told you now about the only sugarcane factory that is running in the Punjab. I have also told you about the smaller factories. I have also told you about the companies that have been registered in the Punjab. They have not been able to make any profit worth the name. They are now quarrelling with the suppliers of their machinery and probably the matters will go to litigation and that will involve further expense.

Chairman: In which part of the Punjab are these five factories situated ?

The Honourable Dr. Gokal Chand Narang: The companies are registered in the Punjab but their mills are in the United Provinces. But we

are not discussing here only one province, the question is with respect to the whole of India So far as the general considerations are concerned, you will kindly bear in mind the difficulties which anyone who sets up a sugar mill has to face In the first place it has been overlooked that when a sugar mill is ordered there is no return on the capital for some considerable time It takes about a year to erect a sugar mill and the cost is very nearly what has been stated by the Sugar Technologist round about 14 lakhs Even if you count the interest at 6 per cent, it would mean that he is out of pocket to the extent of Rs 84,000 in the very first year I think your Sugar Technologist will bear me out when I say that all sugar mills do not work properly in the first season One is really very lucky if one finds that the machinery supplied to him turns out to be good and no defects are found either in the boiler or in the mill or in any other part of the machinery If there is the slightest defect in any part of the machinery, the whole thing is blocked That has been the fate of the 5 mills to which I made reference Then there is no organisation which can ensure the adequate supply of cane to these factories as is the case in England The mills have to depend upon chance It is not like Java where each factory has its own plantations in the centre of which the mill is situated In this country the mill owners have to depend upon casual supplies from a thousand sources, there is no guarantee for adequate supply Also there is no guarantee for good quality supply and the sugar manufacturers have to invest a large amount of money in order to improve the quality of the cane and also to ensure a regular adequate supply They have to make advances to the tenants without interest so that they may have sufficient quantity of cane at the proper time They have also to sink tube wells in the cane area in order to help the tenants during the dry season This is one of the many risks which an investor in this industry has to face Then the fact should not be forgotten that the depreciation of sugar machinery is very considerable indeed The income tax people allow only 6¼ per cent and we have to be content with that As a matter of fact the sugar machinery unless you spend 30 to 40 thousand a year on its repairs and replacements will not last for 16 years which is the period which the income tax people calculate and on which they allow depreciation No machinery will last unless it is attended to properly for more than 6 years That factor ought to be taken into consideration also

Chairman May I interrupt for a moment I presume the Honourable Member is hinting that the present distribution is fair

The Honourable Dr Gokal Chand Narang Yes, Sir In fact a resolution has been drafted on that point, but I am not going to refer to it just now There are three parties concerned One is the sugar manufacturer, the other is the consumer and the third is the cane grower So far as the consumer is concerned, I believe there will not be any difference of opinion that he has nothing to grumble about because the price of sugar during the last two or three years has steadily gone down and if Mr Srivastava's forecast is correct, the price of sugar is bound to go down further If Java releases its stocks, then it is bound to go down If all these 117 mills will work during the next season, the price of sugar is bound to go down still further If I am not mistaken, I think the price of sugar realised during the last season was about

sums of money on the assurance and faith that Government wanted this industry to develop and they would be safe If by direct or indirect means that protection is taken away whether by amendment of the Tariff Act or by imposing restrictions or raising the price of cane to an uneconomic degree it means you partially take away the protection which is now extended and on the strength of which large sums of money have been expended It would be very unfair to take any such step at this stage Government ought to wait and see and if they find that the cultivator is not having his due share of this protection then the Government may put their foot down

Colonel C. G. Lees What do you count as an economic price of cane?

The Honourable Dr. Gokal Chand Narang Economic price is the price which is now being paid From my calculations I have come to the conclusion that we are paying 6 as in most of the factories or 5 as 11 pies. The cheapest rate is 5 annas 6 pies and on that you should add what the middle man or the contractor gets I have calculated that the cultivator is getting cent per cent profit on his investment and I am quite prepared to prove it Take his land, irrigation expenses, manure, watch and ward, taking to the market and so on, and still I am convinced that he is not being unfairly dealt with

Chairman Is your view based on the economic enquiry that has been conducted in the Punjab by the economic enquiry board during the last ten years

The Honourable Dr. Gokal Chand Narang It was not based on that, but it was based on my own personal knowledge and calculations

Chairman Does it differ to any extent from the result of those enquiries?

The Honourable Dr. Gokal Chand Narang I do not know I should be glad to discuss this point with you or with your Secretary These are my personal views and I think those who are interested in sugar industry would support me in this view If this protection is only for a short period what will become of the valuable machinery and buildings which the manfacturers have set up All these mills will become useless because other countries grow more per acre and work with greater efficiency If you want to help the cultivator it should be done on the lines suggested by me this morning Molasses have ceased to count in sugar economy There was a time when the sugar manufacturers in Amritsar sold molasses at Rs 3 8 0 and it gradually came down with the result that we cannot get even 8 pies for the molasses now We have only to set up separate burning plants for these molasses That means additional expenditure which has not been taken into account Where there was no factory even 2 annas could not be had for a maund of cane Even now where factories are at a distance of 60 miles, the cane grower cannot get more than 2 annas whereas he is now getting 6 annas In Sonepet, I am told they are paying about 6 annas for a very indifferent cane The figures supplied by the Technologist show that the quality of cane, apart from quantity, has immensely improved by the setting up of these factories In the supplementary note to note I the quantity of improved cane has increased within two years from 817,000 to 1,821,000. Also no good cane was grown before the factories were set up and [illegible]

everybody goes in for the capitalist, but the capitalist is also of some use in the economy of the nation There ought to be a combination of capital and labour to work for the benefit of both parties I would therefore submit that efforts should be directed towards the improvement of cultivation and towards the improvement of efficiency in the mills, and that would benefit the cane grower much more than anything that you may do by these means, either reducing the profits of the sugar manufacturer in one way or another or removing the protection that you have just given

Mr R R Stewart No views

Sardar Bishen Singh In my humble opinion at present practically the whole benefit goes to the manufacturer at the cost of the cane growers

Nawab Rais Jung Bahadur There is no factory at present in Hyderabad

Chairman I should like to know from the representative of Mysore whether on the basis of their own factory they have any opinions to express as regards the distribution of profits

Mr S P Rajagopalachari Our factory is not yet in full working order and therefore I am unable to make any authoritative statement But I should like to give a few points on the general question

Chairman You might speak on item 3

Mr H C Prior My Government though they realise that the consumer is paying heavily for the protection still do not think it necessary to press for a reduction of duty on his account for three reasons First the consumer of white sugar is in a small minority and is confined to the more wealthy people living in towns It is not necessary to go further into this as it is fully discussed on page 91 of the Tariff Board s report Secondly even with the present protective duty the price of sugar is not unduly high when compared with previous years The Sugar Technologist has in table IV on page 5 in note II of the first papers given to us compared the variation between the price of sugar in April 1933, and the price of sugar in January 1929 In considering that variation I think it should be remembered that in January 1929 owing to the world nature of the sugar market the prices of sugar were extremely low whereas the prices of cereals and pulses with which they are compared in that statement were still high The previous prices of sugar are given in the Tariff Board s report and I do not think I need refer to those The third reason is that they anticipate that the competition between manufacturers in India will very shortly bring the price of sugar down below its present level

The second part of the subject is whether the benefits of the protection granted to the industry have been fairly distributed between the different interests It is difficult to answer this question unless we have accurate figures

taken for cane does not entirely correspond with the cost shown in table IV of the second set of papers that were supplied to us

As regards the cost of cultivation of cane it is very difficult to collect figures and the various growers of cane produce different estimates.

So far as my Government have been able to obtain information, the factories in Bihar this year intended to pay to the cultivator on the average 5½ annas per maund of cane. It is admitted, however, that they did not succeed in doing so on all occasions, but that was their intention. They intentionally paid less than this on a number of occasions, and there were three main reasons why they did so. The first was that a certain number of raiyats against the factory's advice grew types of cane which were not suitable. I refer particularly to Co. 205. The second reason was that there was an excess of cane grown in certain areas. The raiyats would not have been able to get rid of this cane had not contractors come and carried that cane from those particular areas over long hauls to other factories. One of these instances is mentioned by the Sugar Technologist. If cane is drawn from a different district and carried over a long haul I think the manufacturer is bound to pay a smaller price for it. A third reason why in some cases smaller prices than the average were intentionally paid by the factories, was because the crushing of the cane was continued right on to May when the sugar content of the cane was extremely low. If that 5½ annas which the factories on the average intended to pay had actually been paid to the cultivators, my Government are of opinion that the distribution would have been fair. But they realise that this money was not paid and the reasons why it was not paid are partly because there was inaccurate weighing on the weighbridges and partly because a large number of factories buy their cane from contractors. The factory manager can only ensure, as long as he continues to buy cane through contractors, that the money is paid to the contractors. He cannot ensure what that contactor pays to the raiyat; and my Government are afraid that last year the contractors did take a disproportionately large share out of the profit that accrued in the sugar industry. They therefore consider that if any legislation is to be undertaken that legislation should be directed more to ensuring that the price that the factory intends to pay is actually paid to the cultivator rather than laying down what price the factory should actually intend to pay to the cultivator and they consider that one of the best methods of ensuring this is to ensure that each factory maintains a well-paid, efficient cane superintendent who would be responsible for making arrangements with the cultivator for delivery of their cane.

The Honourable Mr. A. H. Lloyd: I should like to ask one question. Will the Revenue Secretary from Bihar and Orissa, kindly say whether from his experience in his own province he is prepared to bear out the statement made by a very recent speaker that sugarcane sold in the factories fetches three times the price that it gets where there are no factories?

Mr. H. C. Prior: Conditions in Bihar vary between North Bihar and South Bihar. In North Bihar a very great majority of the cane is sold to white sugar factories. In South Bihar a very small amount of cane is sold to white sugar factories. The average price of gur made from the cane in South Bihar was Rs. 2 a maund and that I think represents about 1½ annas per maund of cane.

Colonel C. G. Lees I agree with Mr Prior that the contractors were largely at fault in many instances, but my personal knowledge is that some of the mills did buy unbonded cane at low rates I do not blame them in the least for doing so The raiyats cut the cane without orders and brought it into the mills The mills as a business proposition no doubt bought cane at rates varying from 3 annas to 4 annas The bonded raiyats have few complaints as far as payments go, the mills pay the proper amount Whether the contractors distributed the proper amount of cash to individual raiyats, I cannot say But in my opinion the raiyats are largely at fault for bringing their cane in when it was not required The mills certainly relieved the raiyats by taking their cane, thereby causing distress to the bonded raiyats who had brought their cane first That was the main complaint the bonded raiyat had He did complain against the contractor I know, but whether they actually scored as much as they are supposed to have, I cannot say My opinion is that they did not In my own small zamindari there were a dozen Indian contractors working for Indian mills They I know contracted cane for $3\frac{1}{2}$ annas, and if the mill paid them at the rate of $5\frac{1}{2}$ annas I cannot believe that I should not have heard that these men had secured 6 or 7 thousand rupees which they would have done under these circumstances Whether the factory paid actually $5\frac{1}{2}$ annas or whether they paid $3\frac{1}{2}$ annas and another $\frac{1}{2}$ anna for railway freight, I cannot say But I know there was a considerable quantity of unbonded cane bought by the individual mills, which had been cut without orders It was brought to the mills and in my opinion the mills were perfectly justified in buying it at the price they did, but I do not think they ought to be in a position to do so

Chairman Now there are two representatives of factory interests in Bihar Will one of them kindly speak ?

Mr. D P. Khaitan I have been asked by my colleague to speak on behalf of himself and myself Sir it is quite natural that we should show the greatest sympathy to the agriculturist, and I can assure you that I have as much sympathy for the agriculturist as anybody else has and if something could be devised whereby the interests of the agriculturist could be suitably protected without injuring the interests of the country as a whole, I should be the first person to advocate those measures

The questions that we are at present considering are first, whether either the sugarcane growers or sugar manufacturers are unduly benefited at the expense of the consumer, and secondly, whether the benefits of protection granted to the industry are being fairly distributed between the different interests What we are primarily considering in the course of this discussion is the question as between the sugarcane grower and the sugar manufacturer We have for some reason or other, or perhaps unconsciously, ignored the consumer though the first question directly relates to the consumer more than the position between the cane grower and the sugar manufacturer But be that as it may, let us consider whether the sugar cane grower has benefited as a result of the protection or not and as to whether the sugar manufacturer has benefited as a result of the protection or not

We are all aware that before protection was given for the purpose of building up a sugar industry it was impossible to build up more sugar factories, it

It is all very well for us to think of fixing a price for cane, but where does the consumer then stand? Is the consumer then to get his sugar cheaper as the result of internal competition? It is internal competition as a result of the protection that has been granted that is going to benefit the consumer You are not going to fix a maximum price for sugar and a minimum price for sugarcane That would be inconsistent, it would be unreasonable and inequitable, and I do not think that any Government in the world will fix a minimum price for the raw material and a maximum price for the manufactured goods You must stand on the same level in regard to both If you fix a minimum price for the sugarcane you will be driven to the conclusion, in spite of yourselves, that you will have to fix a minimum price for the sugar and then the fate of the consumer will be left in the lurch

What is the position that we are witnessing at the present moment? We are all aware of the fact that a large number of factories have already grown up, a large number of factories are in the course of construction, and although Mr Srivastava to whom I am very thankful for the extraordinary pains that he has taken—Sir, I must challenge the correctness of his figure that an average price of Rs 9 5 0 has been realised I am myself *interested in the* manufacture of sugar and I am closely associated with a large number of other companies who also manufacture sugar And I know *it to be a fact that* the average price realised for the sugar manufactured in the last season has been Rs 8 8 0, and certainly not Rs 9 5 0 Sir, even the price of Rs 8 8 0 has been realised as a result of stocking the sugar that has been manufactured The manufacturer has lost interest on the price representing the stock that had to be stored in spite of the fact that the sugar was sold and the sugar could not be delivered All these the manufacturers have got to do Before then the price of sugar realised was above Rs 10 In the last season the price of sugar realised was Rs 8 8 0 and he would be a bold man who can *predict that* in the next season the average price realised would be above Rs 7 8 0 a maund This is because of internal competition Because of internal competition Bihar and the United Provinces will not be able to consume all the sugar that is produced there The neighbouring provinces will not be *able to* consume all the sugar that is produced in Bihar and the United Provinces The manufacturers in those two provinces will have to look to distant fields for *the* purpose of selling their product They will have to seek provinces like Madras and other provinces for selling the sugar, and the lowest amount of railway *freight* which has to be paid in spite of the reduction that Sir Joseph Bhore s department has given in the case of freight on sugar—the lowest amount of *freight* that has to be paid is Rs 1 8 0 In Madras the manufacturer of Bihar and the United Provinces will at once come into clash with imported sugar from Java, and the price of sugar landed in Madras is near about Rs 10 4 0 for No I and not higher If you deduct Rs 1 8 0 you will find that the producers in Bihar and the United Provinces will not be able to get a price which is more than Rs 8 12 0 for No I No II sells much lower and sometimes has no market Then, on account of the great internal competition and on account of the weak position of a large number of the manufacturers who have either newly set up their mills or even who set up their mills in the last season—on account of the competition

that will arise amongst themselves they will all be keen to sell their sugar as quickly as possible. I submit with the greatest respect to everybody present here that the sugar manufacturers do not expect to realise an average price next season higher than Rs. 7-8-0. We are thinking of the future : we are not thinking of the past ; and if we take the future into account we should rather base our estimates on Rs. 7-8-0 than on Rs. 10 or Rs. 9-5-0 or Rs. 8-8-0, whichever may be the figures given to you.

Chairman : Are you not going into details ?

Mr. D. P. Khaitan : I am going into detail to explain how it affected the consumer whose case has not been dealt with so far.

Chairman : I thought the point made by you is that the consumer has done very well and there is nothing to complain in the matter of fair distribution of profits.

Mr. D. P. Khaitan : I am sorry that you drew certain words from my mouth which I did not utter, namely, that the consumers have done very well. What I am saying is that already internal competition has arisen as a result of which the consumer is steadily but surely benefiting, and that is the object of protection.

Chairman : Don't you wish to express any opinion on the questions involved in item No. 2 ?

Mr. D. P. Khaitan : Certainly, Sir. My opinion on the item is that the benefits of the protection granted to the industry are being fairly distributed among the different interests. That is my opinion, and I have taken some pains to explain why in my opinion the profits are being fairly distributed. As time is short I will not prolong my speech further but I associate myself with every word that has been said by Dr. Narang who has gone in great detail over this question.

The Honourable Sardar Sir Jogendra Singh : I just want to point out.

Chairman : No, not now.

The Honourable Sardar Sir Jogendra Singh : In connection with *gur* there is a very wrong impression that *gur* gives only one anna.

Chairman : No, not now. Let the members finish first.

The Honourable Sardar Sir Jogendra Singh : That is all I wanted to point out. We have got the exact figures.

Chairman : United Provinces please.

The Honourable Mr. J. P. Srivastava : The turn of United Provinces comes last but I hope that this does not mean that we are the least important. We have, as the statement here shows, 35 factories working in the Province and 20 more are going to be put up before the next season as against one factory in the Punjab which province has filled so much of the stage this afternoon. We have found in the United Provinces that the price which is being paid to the cane grower is not sufficient. The question before us, I take it, does not concern the future. It refers to the past and the present and so I am not going to prophesy as to what is going to happen.

Mr. D. P. Khaitan Are you going to legislate for the past?

The Honourable Mr. J. P. Srivastava The question in the agenda is whether the consumer and the factory have derived a fair benefit from the protection which has been granted We in the United Provinces have not a divided responsibility We believe in joint responsibility We do not have the sight of two ministers at loggerheads There can be no doubt about it that so far the cane grower has not derived any benefit from the protection that has been granted The statements before us bear conclusive evidence on this point You referred us Sir, to the Statement No 3 prepared by the Sugar Technologist On page 5 of this it is clearly stated that the Tariff Board calculated on the cane grower getting a price of round about 8 annas a maund The Sugar Technologist has made certain calculations and according to him the price which the cane grower should obtain is 8 annas 4 pies under present conditions It has been stated by my friends from Bihar that the cane grower has been getting a very much lesser price and our experience in the United Provinces is pretty much the same We have made extensive inquiries and we find that in the Gorakhpur district the average price obtained by the cane grower is 4 to 5 annas That is the net price obtained by the cane grower The cane growers think differently but according to our inquiries the price obtained by the cane grower for delivery is 4 to 5 annas a maund Conditions are much worse in the north of the United Provinces, in the Rohilkhand and the Meerut divisions There are a number of factories operating there this year There are at least six and the price paid has not averaged more than 3 to 3½ annas for delivery at the factory gate and the whole of even that has not reached the grower We have got some definite instances of that The factories on the other hand have not been starving exactly I have stated the present position What we are going to do for the future is another matter It will be discussed under the next item. We in the United Provinces are most strongly of the opinion that something has to be done to protect the grower

Mr. Ajodhya Das In my opinion the sugar conference has not been convened too early The object of giving protection to the sugar industry was a two fold one, in order to give the industry a good start and in order to beat the competition of Java sugar In this connection I should like to contradict those who say that the consumer is not concerned As a matter of fact, the consumer has to pay twice as much for a lb of sugar, as he would have paid, had there been no duty The idea of giving the protection was that the cultivator may get a fair return It was recommended by the Tariff Board that the fair selling price of Indian sugar during the period of protection should be Rs 8 or 9 per maund and cane price 7 annas to 8 annas and they recommended a high protective duty I am speaking subject to correction This seems to me to be the initial mistake As a matter of fact before 1932 when the Sugar Protection Bill was passed and after 1932 the selling price has been Rs 10 and Rs 9 and the cane price only 4 annas to 5 annas Thus the manufacturers have got the greater benefit due to the fact of high rate of selling price, on account of the high duty and low rate of cane purchasing price Everybody thought that sugar will sell cheaper, the result has been that sugar is selling dearer, with the result that the profit has gone entirely to the manufacturers and not to the cultivators That is the point

The Federation recommends to Government that the import duty on rectified spirits on molasses and on (rab) be increased to such an extent as would ensure adequate protection to subsidiary industries depending on the sugar industry in India from foreign competition."

While speaking on the resolution, I had occasion to suggest ways of solving the problem. I suggested that the import duty on molasses should be increased in finding uses for alcohol. Owing to the increased production of sugar in India, which also means the increased production of molasses, its developments will certainly suffer unless steps are taken to dispose of the latter. The problem has assumed a grave turn since the Khandsaries also produce large quantity of molasses. Therefore, the Government of India have to give encouragement for the production of power alcohol. If this can be arranged, the Indian sugar manufacturers would give this benefit of at least 20 per cent. of the price of sugar to the consumers. Therefore, it is not fair to show hat the manufacturer is unduly benefited in view of the technical difficulties facing them. In spite of the depression in Java, the industry there is better than when compared with that in India. The total amount of cane harvested in 1931 in Java was 2,61,00,114 (Two Crores sixty-one lakhs one hundred and fourteen) tons and the average tonnage of cane amounted to 52·7 tons per acre. As regards the growers of sugarcane, it may be pointed out that when Java is trying to produce 10 Tons of sugar per acre, India finds it still harder to produce more than 13 Tons of cane per acre. It also deserves mentioning in this connection that supposing India's production of sugar by the manufacturers will come up as forecast by Mr. Srivastava to (Lakhs) 6,40,000 tons by modern factories, which will be roughly equal to (Crore) 1,75,84,120 maunds and taking a round profit, which at present times may be estimated to come to about Rs. 2 a maund, the sugar industrialist can make a profit of say (Crores) Rs. 3,51,68,240, but this rosy picture can be enjoyed only in 1936. The Government will get a direct income of about ¼th of the above figure by way of income-tax. This means that the Government will be benefited to a great extent through the sugar factories. This also helps indirectly to encourage the Government revenues and will obviate the necessity of imposing fresh taxes upon the general public or the consumer. Besides this, the manufacturers who will be enabled to realize big profits may not think seriously to this incidence of taxation to which they will be subjected. As regards the cane growers, my experience has convinced me that there is rampant competition in all the areas where factories are located and for the suitable variety of cane, the income to the cane sellers is no less than annas 5 a maund. The Khandsari's case stands on a different footing. They are able to obtain cheaper cane to be turned to sugar by hand process which contains 10 to 15 per cent. of the impurities. The rate at which the cane is bought by the Khandsari is between annas 2 to annas 3 a maund. The technical point underlying this is also to be seen. The manufacture of sugar by the indigenous populace is entailing loss to the cane growers, as this process does not yield more than 5 to 6 per cent. sugar and the sugar thus produced has been sold this year between Rs. 5-8-0 and Rs. 7-8-0 per maund, while the high quality molasses produced thereby are getting practically no value. The Sugar Technologist has pointed out that the production of

Khandsari sugar will come to 33 per cent. which in other words means loss to the growers as well as to the consumers to that extent.

Mr. P. B. Advani : Sir, conditions in Bombay are rather different from those prevailing in the United Provinces and Bihar and Orissa In our presidency the factories are established on the basis that they must grow their own cane, they cannot easily buy cane We have at the present time only one factory which has been working for a considerable number of years It has got its own estate and it grows its own cane So that, so far as Bombay is concerned, the question of unfair distribution of benefit of protection as between the factory and the cane grower does not arise It is true there are about 100,000 acres of cane, but they are distributed and a factory cannot easily get its cane from the farmer Therefore, if a factory is to be established, it must have its own estate and the present factory acquired its estate with the help of Government some 20 years ago At the present time, the Government of Bombay are considering as to what facilities they should give to the capitalists to enable them to obtain suitable lands on lease so that they might be able to start factories We are going to have about 5 more factories and they will all have their own land They will all grow their own cane, so that this question of unfair distribution of benefit of protection does not arise in Bombay But it might be said that the factory in existence at present in the Bombay Presidency is making too much profit under the protection as against the consumer Even here, so far as the present factory is concerned, although last year it did make profit considerably in excess of that laid down by the Tariff Board as fair and reasonable, considerable part of that profit is largely due to the factory's own efforts because, as I was saying, the company grows its own cane, its yield is now some 37 tons per acre and the percentage of recovery is over 11 per cent, which is the highest figure in the whole of India Also, the company has been able to manufacture sugar of a very superior kind, and, therefore, they are able to obtain for their sugar prices which are higher than the prices for the Java sugar by, I believe, Re 1 to Rs 2 per cwt As regards the consumer, owing to the internal competition, the [illegible] ot think [illegible] greatly [illegible] in the sugar industry The Government of Bombay have invested between 9 and 10 crores of rupees on irrigation in the Deccan and every committee and conference that has sat on this subject has held that unless white sugar industry is established in the Deccan, it will be very difficult to make those canals financially successful Therefore, the Government of Bombay have been very anxious to see that the factories should be established One factory has already been in existence and about 5 more factories are going to be established We want many more factories despite this morning's resolution on subject No 1 with which I do not agree Therefore, we would be averse to doing anything which would make the establishment of sugar factories in the Deccan any the less attractive proposition than is the case at the present time

Mr. J. M. Lownie : I should just like to say a few words on behalf of certain sugar manufacturers of the United Provinces I would refer to the

Honourable Mr. Srivastava's remarks in which he said that the average price of cane paid in certain districts of the United Provinces was 3 as. to 4 as. per maund. I would refer the Conference to page 4 of Mr. R. C. Srivastava's note in which it would be seen that two factories in Gorakhpur district were paying Re. 0-6-4 and Re. 0-6-2 respectively for cane, including cartage. I also wish to thank Mr. Prior and Colonel Lees for their remarks as regards the price paid by Bihar and Orissa factories to cane growers.

Chairman : We have finished discussion on item 2. Although we have not had the benefit of the opinion of the Conference being expressed in the form of a resolution, Honourable Members of the Conference will be pleased to know that a good report is being kept of the views they express and the views they hold, and therefore, if in future, any one desires to do a little research work, it will not be difficult for him to know what resolution the Conference would have passed on this item. We proceed to-morrow to item 3 at 10-30 A.M. if it would suit Honourable Members.

The Conference then adjourned till 10-30 A.M. on Turesday, the 11th July 1933.

PROCEEDINGS.

Second Day.

The Conference met at 10 30 A M on Tuesday, the 11th July 1933, with the Hon'ble Khan Bahadur Mian Sir Fazl i Husain in the Chair.

Chairman : Gentlemen, we will now proceed to item No 3 on the agenda. The main points in items 3 and 4 are, the sound development of sugarcane cultivation and of the sugarcane manufacturing industry Item No 3 deals with the desirability of regulating the relationship between sugarcane growers and sugar manufacturers, and then different ways are indicated, *viz* , zoning, licensing of factories, fixation of cane prices or otherwise It is obvious that any attempt at intervening must involve legislation of some kind or other I understand the position to be this So far as factories go, a man can establish a factory where he likes, when he likes and buy cane for it wherefrom he likes and pay what price he likes Similarly the sugarcane producer can bring under sugarcane such area as he likes, give up producing sugarcane if he likes and sell it at whatever price he can get That is what you might call on both sides the policy of *laissez faire*, and things are left to adjust themselves That is the present position In the interesting discussion that we had yesterday in the morning as well as in the afternoon, views were expressed by a large number of speakers to the effect that possibly a state has been reached when local Governments, which means the local legislatures, should intervéne, and try to control one or the other or perhaps both while views were also expressed to the effect that it is unwise to intervene in the interplay of economic forces in this matter, that it is best to leave things alone, that things will adjust themselves in course of time and that Government should not intervene To those who hold that view item No 3 naturally presents no difficulty, their view being that as things will adjust themselves no action and therefore no legislation is called for Those who hold that some action is called for have to face a further difficulty What should be the legislation and to what extent should the legislation go ? I think it would be best in the circumstances for us to know what the position is in the different provinces with respect to this matter, which provinces are for leaving things alone as they are and which provinces feel the need for taking some action although they may not feel quite sure exactly what action should be taken If you think we should find out this views of the different local Governments in this matter, we will proceed to do so

Mr. P. B. Advani : We are expecting our Honourable Minister to be able to attend a little later this morning, and with your permission we should prefer to make our remarks later

The Honourable Mr. J P Srivastava : Sir, the position in the United Provinces is what I described yesterday A large number of factories have been started in the province and most of them are making very good profits As we understand it, the main object of the tariff was to enable the cultivator of sugarcane to get a suitable price for his cane at the same time as the sugar factories make a profit for themselves We have found out that in some cases sugar factories are giving a very low price for the cane I gave some figures yesterday, but I should not be taken to mean that all sugar factories

are giving an absurd price. There are some honourable exceptions, but we have got to get at those who are taking an undue advantage of the cultivator. There is no doubt in our mind that some sort of legislation is necessary. We are not quite decided yet as to what line this should take, but after a good deal of discussion we have come to the conclusion that we have to zone the sugar factories and at the same time to fix a minimum price. We have not taken any action yet because we wanted to hear the views of this Conference composed as it is of representatives from the different parts of the country.

Of course the defects of zoning are well known and we shall hear a great deal about them. There are two sides to every question, but on the whole we think that zoning would be an advantage alike to the cultivator and to the factory. Along with zoning we suggest that there should be a minimum price which may be arrived at with the help of a suitable formula,—the exact formula is a matter for discussion—and there should also be a system of licensed contractors. We know that unless the sugar factories purchase their cane direct from the grower or from licensed contractors there would be great opportunities for evasion in the matter of payment of the minimum price. There are numerous factories even to-day which pay a fair price, but this price does not reach the cultivator. The middleman who is a parasite gets a big share out of it. If we therefore have a system of licensed contractors we would perhaps get over this difficulty. We further suggest that co-operative societies should be encouraged. We have tried this experiment in the United Provinces but so far, in the absence of zoning, the co-operative societies have not succeeded. The factories can buy their cane from wherever they like and they usually do not want to go to the co-operative societies to whom they have to pay a fair price. We realise that the fixation of a minimum price is a complicated matter and lends itself to abuse. We therefore suggest that we should not prescribe a fair price for all factories, but apply it by notification to particular factories where gross abuse is found to be taking place. The law would act as a deterrent and other factories will not indulge in that abuse. The whole matter, of course, requires careful consideration and we have put down our ideas in a memoradum copies of which are available here for the members of this Conference. We have also drawn up a draft bill covering these points. This bill is attached to this memorandum. It is still in a crude state, numerous points have yet got to be discussed, but it gives some idea of the lines on which legislation has to proceed. We have not prescribed in this bill any penalties. That is still a matter for discussion, and it is a difficult matter too. I hope after we know the views of the different sections of this Conference we would be able to give a final shape to this bill. I would welcome any assistance which the Conference can give us.

Chairman : At this stage what I should like is not a discussion of the provisions of legislation but just an expression of the provincial views whether they contemplate legislation in their provinces or not, so that after ascertaining this we may see to what extent the provinces are thinking of legislation and to what extent not. May I have the views of Bihar now ?

Rao Bahadur Narasimha Raju Garu : Are we discussing items 3 and 4 together ? Are we not discussing item no. 4 while we are discussing item no. 3 ?

Chairman Not exactly As has been rightly pointed out, it comes within item no 4 as well, and that was why I invited your attention both to items 3 and 4 when I opened the discussion If you do not mind I should like to proceed to ascertain the views from the provinces and then take up individual items for discussion under item no 3

Mr H. C Prior The view of my Government is that any legislation for zoning, licensing of factories, or fixation of cane prices is impracticable and will go against the interests both of the cane growers and of the development of the industry With your permission, Sir, may I state the conditions in Bihar which have led Government to come to those views ?

Chairman Not necessary at this stage In Mysore I understand the problem has not yet arisen

Mr. S. P. Rajagopalachari No Sir On the other hand, we have been very carefully considering this matter and have come to certain definite and provisional conclusions, and I should be glad to be given an opportunity of placing them before this Conference

Chairman : Just the conclusions reached by you, not a full discussion

Mr S P. Rajagopalachari I am generally brief, and I shall attempt to be very brief on this occasion We have come to the conclusion that it is desirable for the sound development of sugar industry that steps should be taken to regulate the growth of the industry as well as to put the relations between the sugarcane growers and the sugar manufacturers on a fair basis Our reasons for this view are threefold and I will very briefly refer to them

In the first place, the freedom to start factories at any place as the manufacturer likes is likely to lead to overlapping and overcrowding The result of such overcrowding will be very keen competition among the factory owners for sugarcane, and we think that it will lead to disastrous results to the whole industry In the second place, we consider that some kind of regulation is necessary to protect the cane grower and ensure for him a fair price for the sugar cane grown by him If left alone to the free play of supply and demand the cane grower, who is generally the weaker party, will not be in a position to assert himself There is one other important circumstance in connection with sugarcane which does not exist in the case of other agricultural products In the case of the latter, the producer can afford to wait and choose the time or place for selling his output, while the cane grower on the other hand must dispose of his stock within 24 hours I understand, from the time it is harvested, and he is therefore in a much less advantageous position than the producer of other agricultural products The third reason is that in the case of a new industry which is working with the help afforded by a protective tariff, it is desirable to see that the foundations are laid properly so that the structure can withstand attacks from other parts of the world after protection is withdrawn. There are, of course, other reasons I have merely mentioned the main important reasons which have made us come to the provisional conclusion that it is desirable that steps should be taken to regulate the growth of the industry

an adequate supply of cane We do not know how much cane we have been getting, how much of good quality and how much of bad quality We do not even possess adequate information regarding their internal financial condition I think before we express any opinion on this subject we should have the balance sheets of all the mills in order to be able to judge So far as the Punjab is concerned, let me tell you frankly that the question has not been considered by the Punjab Government as a whole and we are here expressing only our own individual opinions What I say here will not bind the Punjab Government, nor what Sirdar Sahib may say, unless he has got some authority of which I am not aware The problem in the Punjab has not yet assumed a practical shape

Chairman : You do not think that legislation at this stage is needed ?

The Honourable Dr. Gokal Chand Narang It is absolutely unnecessary

The Honourable Sardar Jogendra Singh : As my Honourable colleague has said, the Punjab Government have not considered the question, and if I express any opinion it is my own personal opinion in this matter Punjab has only one factory at Sonepat and two are under construction, but taking into consideration the fact that the supply of cane is much larger than what these factories can consume, it is necessary to safeguard the interest of the cane grower and though it may not be immediately necessary to introduce legislation, in order to protect the cane grower, it is my firm conviction that it shall be necessary to take steps on the same lines as the United Provinces Government propose to take

Dr G P. Hector : Our opinion is much the same as the Punjab Our view is that legislation is not necessary We have no factories at work and we have not the necessary experience All that we are anxious about is that nothing should be said or done at this stage of the industry to frighten away capital

The Honourable Diwan Bahadur Kumaraswami Reddiyar . So far as we are concerned we have at present no intention of introducing legislation in the local legislature We do not think the need for it has arisen

Mr V. V. Gadgil : The Bombay Government have not so far considered, nor have they under contemplation any Bill for fixing of prices or zoning or licensing They have however been considering the question of making it easy for prospective factory owners to get a supply of cane and they consider that factories must have their own land on which they can grow their own cane, and in this connection they have under consideration legislation enabling the factory owners if necessary to obtain the necessary land *by some measure of* compulsion

Chairman : I am very grateful to the conference for listening to the views expressed by the various Ministers and representatives of the States The result is this Bombay in view of their peculiar system will require legislation to secure the requisite leases for cane growing *United Provinces* contemplates legislation Bihar thinks no legislation is necessary *Mysore and* Hyderabad feel the same—that the problem *is* such that legislation is necessary

sooner or later. In Bengal, Punjab and Madras, the occasion for arriving at a decision has not arisen. Therefore, the main problem included in item no. 3 concerns United Provinces alone and it is acute there. It is actue in Bihar but they do not contemplate curing it by legislation.

Rao Bahadur Narasimha Raju Garu : The opinion of the United Provinces is only that of its present Government. When another party comes into power it may have its own programme. All we can say is that such and such is the view of the present Government or the Ministry of such and such a province.

Chairman : We can only deal with the present and take things as they are. The problem now is whether in the matter of legislation as indicated by provinces we should proceed to discuss whether the policy which the official representatives of the provinces are pursuing is a sound policy or not. To my mind that leads to a controversy which can hardly help the conference in arriving at any useful conclusion. I have no doubt that Governments in the provinces being responsible in these two matters of agriculture as well as industry, the opinions such as those that exist will have an opportunity of finding expression in their respective provinces. What I want now the Conference to consider is to what extent we can discuss item no. 3. Do you want to discuss this question further or would you like to have a small committee.

The Honourable Dr. Gokal Chand Narang : How does it arise ?

Chairman : It arises in this way. Here is the United Provinces which has a larger number of factories than the rest of India. They have studied the question. They have taken pains and the question is whether the conference would help them with their advice and suggestion through the agency of a committee, if need be. Is there any objection to that ?

The Honourable Dr. Gokal Chand Narang : Only the United Provinces is concerned and it is a purely provincial question. It can not be expected that every member here would be conversant with the state of things in all the provinces. The problem in a particular province can only be tackled by the representatives of that province. It is clear from what you said just now that the only province which has in contemplation any legislation on this subject is the province of my friend Mr. Srivastava.

It is their home problem. Let them go home and quietly stay there and consult people who are actually in business. The representatives of the cane growers and the representatives of the sugar manufacturers and your Council of Agricultural Research can lend them experts on any question requiring expert opinion. I do not think it is necessary that this conference should continue any longer. The business of the conference in my humble opinion is finished. If there is any question of their taking the advice, it is always open to them to take the advice of the Government or consult Governments of other provinces as is sometimes done. I do not think that we should now interfere with their affairs or thrust our advice upon them in any way. Gratuitous advice is not always valued. Besides, every representative here cannot be expected to be fully conversant with the affairs of other provinces

and I do not think any useful purpose will be served by prolonging this conference any further or by appointing any sub committee of this conference to go into the question I may tell you that they will have many political repercussions and all sorts of vague suspicions and fears will be entertained in various quarters It will be, comparatively speaking, a hole-and corner business I do not know what the constitution of that sub committee would be whether it would be elected by this conference, how many members there would be or whether every interest would be satisfied on the ground that it has got sufficient representation The best thing really is not to enter into any such difficult question and let things alone Let the United Provinces take care of themselves as they are well able to do under the guidance of their able Ministers This is my submission

Rao Bahadur Narasimha Raju Garu · Sir, yesterday this Conference adopted a resolution that no resolutions should be passed by this Conference The appointment of a sub committee means the passing of a resolution and therefore the appointment of the Committee is beyond the powers of this Conference

Chairman: There were two questions before the Conference, (1) whether we should appoint a sub committee and (2) whether we should pursue the discussion of item 3 The view expressed by the Honourable the Minister for Industries Punjab, is that neither should be done The point has been raised that we do not want to pursue the discussion because the appointment of a sub committee will be a step towards further discussion when the sub committee has reported to us Therefore, for the time being, the question of the appointment of the sub committee will be left alone The point before the Conference now is whether they want to conclude the proceedings or they think that item no 3 should be further discussed

The Honourable Mr. A H. Lloyd I should like to hear the views of Mr Prior before the proceedings of the conference come to an end

Chairman. I am prepared to treat the question favourably of Mr Prior supplementing his speech and Colonel Lees can also say what he likes to say Meantime I have to take the sense of the conference as to what their wish is in the matter of the proceedings of the conference Should we discuss item no 3 or not?

The Honourable Diwan Bahadur Kumaraswami Reddiyar: We have other proposals to make in addition to local legislation. I think that on other points discussion will be useful and we would like to pursue the discussion

Dr. F P Hector It might be desirable to hear the opinions of other people further on this matter We have come here more to learn than to impart knowledge

The Honourable Sardar Sir Jogendra Singh: I agree with the views of the Madras representative.

A Hyderabad representative My own opinion is that I do not favour any further discussion on this subject.

Mr. S. P. Rajagopalachari : We would like the discussion to be continued on this item.

Mr. H. C. Prior : If no discussion is to be permitted, then the views of my Government should not be published.

Chairman : I have already said that so far as that point is concerned you will be requested to confine to your statement.

The Honourable Mr. J. P. Srivastava : We think that it would be better to leave it to the sub-committee.

Mr. P. B. Advani : We think discussion will be useful.

Chairman : In view of the opinions expressed by various representatives I think Dr. Narang will not press his view that the discussion should not continue.

The Honourable Dr. Gokal Chand Narang : No, Sir. I think these gentlemen have come from a long distance and they are desirous to hear the views of other gentlemen.

Chairman : You do not imply that you want to conclude the discussion because you have come from far.

The Honourable Dr. Gokal Chand Narang : No, Sir.

Mr. H. C. Prior : Sir, the first factor that is important to remember as regards the cane situation in Bihar is that practically the whole supply of cane is purchased from small growers. The factories themselves do not own land as they do in Bombay. The amount of cane that the factories themselves are able to produce is something less than 50,000 tons out of a total of 1,850,000 tons. There is also a small number of large contractors such as Colonel Lees, who enter into long term contracts for the supply of cane grown by themselves to factories. The amount of such cane is, I am told, about another 50,000 tons. Therefore the majority of the total supply of cane grown is grown by small cultivators. Sugarcane is at present the most profitable crop for the ryot to grow and so long as it continues to be so the mills are likely to be able to obtain their raw material. But if the profit on the growth of sugarcane drops or if the cultivation of other crops becomes more profitable, the factory is going to be placed in great difficulties with regard to its cane supplies.

The Honourable Sardar Sir Jogendra Singh : You said that cane is a profitable crop. Could you give us the figures of the cost of production of cane and the price realised ?

Mr. H. C. Prior : It is almost impossible at present to state the cost of production of cane. By the help of the Imperial Council of Agricultural Research, we are making an investigation into it in Bihar, and we hope shortly that more accurate figures than are at present available will be available. But certain figures were collected by my Government in 1930, and these figures showed prices varying between As. 2-6 and As. 3-9 per maund of cane. Whether they are accurate or not, I cannot say. Therefore, the mill manager is not assured of a continuous supply of cane in future years and it is necessary for him to do his best to ensure for himself that continuous supply and the only method

by which he can do so is by fair dealing and co operation with his ryots We have had more than 10 years' experience of large scale cane manufacture in Bihar and we have found that those factories that are long established have for themselves realised the necessity of establishing the confidence of their ryots That they have done so is perhaps evident from one feature in this year's history Mills continued to crush cane in May During May cane is less valuable than earlier in the season, and it may not pay the mills to pay the same price for cane in May as was possible earlier in the year Yet the old established mills continued to pay during May the same price for cane as they paid earlier in the year, in order not to let down their regular suppliers I think that as the sugarcane industry progresses, every factory which is estab lished will come to learn what the old established factories have already learnt, namely, that the confidence of the sugarcane growers is essential to their con tinued success Another factor which is important in North Bihar is that practically all the cane that is supplied to factories is supplied on an agree ment The factory in the previous year comes to an agreement with the ryot for the supply of the produce of a certain number of acres during the next year The factory does not know exactly what that produce is going to be and this year the produce of those acres which were bonded increased beyond all expectations The mills are anxious to have their supplies of cane assured and are ready to pay a reasonable price for it

Then, Sir there are in the item under discussion certain suggestions for legis lation I will deal first with the question of the fixing of the minimum price of cane Colonel Lees, who is the representative of our sugarcane growers, will, I know, press for the fixation of a minimum price He considers that it is necessary for a minimum price, however small, to be fixed so that the cultivator may be in the position of knowing what is the minimum that he can receive for his crop That would put the cane cultivator in a better position than the cultivator of any other crop But it may be argued that he should be in a better position because of the protection that has been afforded to him But at present the prices that were paid during the last year in North Bihar have led my Government to consider that the fixation of any minimum price is not necessary A fair price was generally paid for the cane and it seems likely that in North Bihar the ordinary rules of supply and demand will result in a fair price being paid in the future My Government also consider it would be absolutely impracticable to enforce by legislation the payment of any such minimum price The first reason is against whom is the minimum price to be enforced A lot of cane is purchased from contractors You can enforce the minimum price against the contractor but you cannot fix to the price to be paid by the cantractor to the ryot The United Provinces Government have suggested the licensing of contrctors This has not been considered by us, but since I heard the suggestion I have been trying to visualise the nature of a proceeding for the cancellation of a license, and it seems to me that it is likely to be somewhat in the nature of a section 100 proceeding with a large number of witnesses appearing on either side Again, is the minimum price to be paid to the cultivator who sells his produce to a neighbour for making sugar in a centrifugal or for making *Gur*, or is it to be paid in the case of the khandsari ? It will become very difficult to tell where the boundary is to be placed Even if it could be enforced, it would

be difficult to say whether it should be enforced. The second difficulty is for what is the minimum price to be paid. Cane varies in quality. Dry cane is of little value. Cane cut and not crushed within 24 hours is of less value than fresh cane. Is the price to be fixed for the best cane or for dry cane or for long hauled cane? If it is fixed on the basis of the best cane, then the cultivator at a distance is deprived of his market. In most cases this difficulty may not occur because the cane is bonded cane in which case I do not anticipate any difficulty in the payment of a fair price. It is only in unbonded cases which are likely to come from a distance that this difficulty will be experienced. But the greatest difficulty is how is the minimum price to be enforced. There are several ways in which a manufacturer can get round any rule. For instance, a lot of cane is grown in Bihar and Orissa on advance. It would be easy for any mill manager to say that interest on my advance is so much and the cane is to be sold for so much and the amount you will get is so much. That is only one instance. Anybody having experience can suggest fifty other ways of getting round the rule. If there is an excess of cane and a ryot has the alternative of selling his cane to a factory at a certain price less than the minimum or leaving it on the field having no other market, there is no doubt that that ryot will be prepared to take less than the minimum price. It will be to his interest to do so and in that case you will never get evidence against a mill which is paying less than the minimum price. It is only if there is co-operation of growers that you will be able to enforce minimum price, but if there is co-operation, then the need for minimum price itself will go.

The next suggestion is legislation for zoning. It must be admitted that any such system necessitates legislation requiring the licensing of factories and giving power to refuse or cancel license. It would necessitate a careful enquiry as to the size of the zone. The United Provinces Government have suggested a small Committee to fix the size of the zone. I anticipate that the fixing of the zone must be a matter for the Government alone, and it is a matter of extraordinary difficulty. If the Government is going to fix the size of the zone, it is then imposing on itself a very grave liability. The size of the zone may in the first instance be sufficient and just sufficient to meet the demands of one capitalist factory. But if that factory increases the supply of the cane in that zone, the ryot is at the mercy of the millowner. Here I am talking more of north Bihar than of the United Provinces. If the ryot does not sell to the factory, he has no other market because the *Gur* industry does not exist to any appreciable extent in North Bihar in the factory areas. If, on the other hand, owing to economic causes and more profitable cultivation of other crops the area under cultivation in the zone diminishes, it seems that Government has undertaken a serious responsibility in limiting the area from which a factory can draw its cane thereby making it impossible to pay a fair dividend. The factory cannot get its cane supply from the zone or from outside the zone and therefore it is impossible for it to keep working for a sufficient number of days. At present the number of factories in North Bihar is not excessive and there is just sufficient cane to meet all the demands of the factories, and I do not anticipate that any capitalist manufacturer in the present state of sugar industry would attempt to establish a factory in the neighbourhood of another factory when he is not sure of his supply of cane.

Two methods of zoning have been suggested The first is suggested by the United Provinces Government in its memorandum and by this method an area is allotted to the factory and the factory is not allowed to buy cane from outside and the ryot is not allowed to sell cane to any other factory In the United Provinces the situation appears to be different There they have a well established *Gur* industry and khandsaris But in the factory area in North Bihar we have neither of these If such a zoning system is established the ryot will have to sell his cane to a particular factory and if there was more cane than the factory can take, there will be competition between the ryots as to which of them is to be allowed to sell the cane They will have to sell or leave it on the ground At present there is a certain amount of competition between the factories and this enables the ryots to get rid of their cane The ryots in Bihar and Orissa get 3 annas by exporting from Champaran to Sharan Had there been the zoning system this would have not been possible The United Provinces system, it is admitted, requires fixation of minimum price The Bihar and Orissa Government considers that the enforcement of minimum price is impossible They, therefore, consider if a zoning system on these lines is adopted the ryot would be sacrificing the competition which he at present obtains and would be given in its place a statutory right to a minimum price which would be impossible to enforce The second system I have heard suggested is a system of overlapping zone A factory is given a monopoly of a certain small area round the factory, but not a sufficient area to meet its requirements No other factory is allowed to be established in that area but the ryots in that area can sell their cane to the factory or elsewhere A minimum price would be fixed, and the ryot would, therefore, have the protection of the minimum price and also of the competition of neighbouring factories The supporters of this view suggest that the factory would be able to employ further capital on its monopolistic area, to irrigate it and to increase the yield per acre of cane and consequently to reduce the price of manufacture of sugar But it seems to me that some factories in North Bihar have held for ten years such a monopoly and they did nothing to increase the yield per acre of cane I admit that at that time they did not have protection and therefore they were not so sure of their market as they are now The opponents of this scheme say that the protection given to the ryots in the matter of getting a fair price for the cane is not sufficient and that the interference with the ordinary economic laws is unjustified I [illegible] Bihar and Orissa a[illegible] industry existing [illegible] khandsari industry exists In Bihar and Orissa this is not the case White sugar factories mostly exist in North Bihar and they take practically the whole output of cane in North Bihar and the ryot has given up to a large extent the manufacture of *Gur* except in areas where there are no factories and he has no other outlet for his cane except the white sugar factory.

Colonel C. G. Lees: May I correct Mr. Prior's statement as regards the planters? We act as agents We make no contract with the grower, but act as agents and get commission I agree with Mr Prior as regards zoning which is neither necessary nor practical in North Bihar at present As to licensing of factories, I think it should be made compulsory and for this reason

be difficult to say whether it should be enforced. The second difficulty is for what is the minimum price to be paid. Cane varies in quality. Dry cane is of little value. Cane cut and not crushed within 24 hours is of less value than fresh cane. Is the price to be fixed for the best cane or for dry cane or for long hauled cane? If it is fixed on the basis of the best cane, then the cultivator at a distance is deprived of his market. In most cases this difficulty may not occur because the cane is bonded cane in which case I do not anticipate any difficulty in the payment of a fair price. It is only in unbonded cases which are likely to come from a distance that this difficulty will be experienced. But the greatest difficulty is how is the minimum price to be enforced. There are several ways in which a manufacturer can get round any rule. For instance, a lot of cane is grown in Bihar and Orissa on advance. It would be easy for any mill manager to say that interest on my advance is so much and the cane is to be sold for so much and the amount you will get is so much. That is only one instance. Anybody having experience can suggest fifty other ways of getting round the rule. If there is an excess of cane and a ryot has the alternative of selling his cane to a factory at a certain price less than the minimum or leaving it on the field having no other market, there is no doubt that that ryot will be prepared to take less than the minimum price. It will be to his interest to do so and in that case you will never get evidence against a mill which is paying less than the minimum price. It is only if there is co-operation of growers that you will be able to enforce minimum price, but if there is co-operation, then the need for minimum price itself will go.

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[illegible] price of manufacture of sugar [illegible] per acre of cane and [illegible] some factories in North Bihar have held for ten years such a monopoly and they did nothing to increase the yield per acre of cane. I admit that at that time they did not have protection and therefore they were not so sure of their market as they are now. The opponents of this scheme say that the protection given to the ryots in the matter of getting a fair price for the cane is not sufficient and that the interference with the ordinary economic [illegible] fied. I would again stress the d[illegible] Orissa and United Provinces [illegible] existing in areas in which wh[illegible] sugar factory exists [illegible] there is the *Gur* industry industry exists. In Bihar and Orissa this is not the case. White sugar factories mostly exist in North Bihar and they take practically the whole output of cane in North Bihar and the ryot has given up to a large extent the manufacture of *Gur* except in areas where there are no factories and he has no other outlet for his cane except the white sugar factory.

Colonel C. G. Lees: May I correct Mr. Prior's statement as regards the planters? We act as agents. We make no contract with the grower, but act as agents and get commission. I agree with Mr Prior as regards zoning which is neither necessary nor practical in North Bihar at present. As regards licensing of factories, I think it should be made compul[illegible]

that some factories are undercapitalised and some surety should be obtained from them to show that they are in a position to pay the growers for their cane. The value of cane purchased by an ordinary sized mill daily is about Rs. 5,000 and if the sugar market is sticky in the beginning of the season, and sugar unable to be sold, the total payment due to the ryot may amount to several lakhs of rupees unless funds are available. This, if it is not paid out, will be a serious hardship to the grower, and it is for that reason that I think that the factories should be licensed, mainly to show their stability in the financial way.

As regards fixation of cane prices I do not think a standard price of cane should be fixed but I do maintain that a minimum rate should be fixed below which the mills should not purchase. As to the minimum rate I maintain that 5½ annas is too high if sugar goes down to Rs. 7-8-0 and I think the unbounded grower would be content with 4½ annas if he can make certain of really getting it. I would suggest to the mills that they should be very careful in their selection of contractors. There is no doubt that contractors of a dubious character, well known to the inhabitants of the districts as being such, were employed by the new mills to contract their cane. There is no doubt that various malpractices took place and I do not think the contractors are entirely to blame. Some of the mill people are in league with the contractors and share the benefits of these malpractices. The only solution is for the mills to employ contractors of standing and see that they pay the ryots properly. It is an easy thing to do. Sufficient superintendence ought to be forthcoming so that officials of high standing in the mill should visit the various villages and areas from which these mills draw their cane. As regards the minimum rate of 4½ annas this in my opinion after the coming year will never be necessary at all. I think the ryots up our way are dead sick of cane and unless they get a higher rate than 4½ annas all round they will very largely drop cultivation. As a matter of fact outside a small area cane was not grown at all until Begg Sutherland started manufacturing. Then it was with the greatest difficulty that they got cane cultivation to start. That was in 1905. The planters were asked to encourage it, but could not do much.

The rate then offered to us was 4½ annas delivered at the nearest railway station. The mill paid the railway freight and they also paid us a commission. But the ryots did not want to grow cane.

I maintain that there would be no hardship to any mill, even if the price of sugar went down to Rs. 7-8-0, in paying a minimum of Re. 0-4-6. To illustrate this I would mention that I had a ten years' contract from 1914-25 with Messrs. Begg Sutherland & Co., to supply both my own cane and my ryot's cane at Re. 0-4-6 minimum delivered at my local station which is 40 miles from the factory. I would point out that Begg Sutherland's contractors are really agents and are under bond to pay the ryot the full price and may not bargain with the grower under a heavy penalty. Their contracts are on a sliding scale, that is to say, they fix a minimum rate below which the price of cane will not go whatever may be the price of the sugar. This contract was, as I said, for a minimum of Re. 0-4-6 per maund and must have cost the factory somewhere in the neighbourhood of Re. 0-5-6 landed at the mill and in addition there was the commission of 9 pies due to me as agent, making approximately Re. 0-6-3 as

gross cost At this time the extraction was only just 7 per cent so that it took some 15 maunds of cane for one maund of sugar as against 11 maunds at the present time This contract price was simply the minimum and increased as the price of sugar rose, until in 1920-22 we were receiving 11 annas a maund. The price of sugar went up to Rs 22 a maund [illegible] getting half an anna per rupee on the price of [illegible] same arrangement We are now paid Re 0 5 6 [illegible] mill gate, and we get that until the price of sugar goes above Rs 9 8 0 Beyond that it is 6 annas If it went up to Rs 12 we should be getting 6½ annas In these contracts it is not a fixed price for the cane, it is simply a standard minimum rate I cannot see why any honest mill whether European or Indian, should not take a long view of the matter and so make sure of keeping their clientele among the ryots They must give the ryots some surety that they will get a paying minimum And I think that can be done

[illegible] bout licensing [illegible] in much the [illegible] tea garden These Sirdars were licensed by the local authorities They were licensed yearly and any misdemeanour on their part was heavily punished with fines or by cancellation of their licenses If any factory found that one of its contractors was not paying the ryots the full amount and was thereby making an illegal gain it could report the matter to the local authority The ryots will also get together and complain At present every man's idea is to get his cane to the mill as early as possible As I said yesterday, I do not blame the mills for taking advantage of this opportunity It is a business proposition but I do maintain that they should not be in a position to do so

I am of opinion that all contractors should be licensed and I cannot see any fficulty in doing so The mills would choose their contractors and send them the local authorities to have their licenses [illegible] after due enquiry as to their :obity and position

Another malpractice is incorrect weighing [illegible] yo s grumble about and I think it is most important [illegible] o be stopped I cannot say It is no use weighing the [illegible] artman is very often not the owner of the cane [illegible] [illegible] and [illegible]

ay stations even under the best supervision this happens [illegible] he weight per cart and at the end of the day [illegible] maunds [illegible] outs this through under some fictitious names and [illegible] t It is not the fault of the mill and it is only [illegible] and supervision by really responsible people

Mr J M. Lownie : Although I am here as a [illegible] Provinces sugar manufacturers, my firm are the managing [illegible] sugar factories in Bihar I pointed out yesterday the [illegible] locations of sugar factories in the Gorakhpur [illegible] and because of that fact I wish to support the Honourable Mr [illegible] proposal for zoning factories in the United Provinces [illegible]

quite so definite as to the need for zoning although in one district of Bihar, Saran, the factories again are situated too closely.

I should like to make a few remarks on what Mr. Prior has said regarding North Bihar. He mentioned that the ryot had no other outlet for his cane than the white sugar industry, but it is a fact that a very large quantity of *Gur* was manufactured and exported from certain stations in the Champaran district last season, the quantity being estimated at about ten lakhs of maunds of *Gur*, equal to about one crore maunds of cane. Another matter which he mentioned was that the existing factories in Bihar have done nothing to promote the cultivation of cane round the factory. This is not so. The Champaran Sugar Company has been now established for nearly 30 years and with the greatest difficulty we were able to get until three years ago a maximum of 15 lakhs of maunds of cane and that could not be got locally; much of it had to come 120 miles by rail. The economic depression and the popularity of growing cane have undoubtedly increased cane cultivation in the neighbourhood in the company's factory and in the coming year I believe there will be enough cane available within a radius of 15 to 20 miles and we need not go 120 miles for it. One more point is that cane growing in north Bihar has become popular because of the low price of rice. If the price of rice should increase as it probably will, cane growing will go down and many of those factories which are operating now are going to have trouble in getting enough cane. As I said, in the United Provinces I favour zoning. I have prepared some notes about zoning, but as most of the points have been covered already I shall not repeat what has already been said.

The Honourable Sardar Sir Jogendra Singh : Can you give us the cost of direct cultivation of cane in your own farms?

Mr. J. M. Lownie : It varies according to districts. In 5 or 6 estates it is round about four annas a maund.

Chairman : Bihar does not contemplate legislation. I do not think we are at all inclined to suggest to the Bihar Government that they should legislate unless you want us to do that.

Mr. D. P. Khaitan : I do not want to do that, certainly not. I thought that Mr. Srivastava wanted to hear the views of those who are present in this Conference, so that by keeping an open mind he could think out as to whether the decision he has taken or is about to take would really introduce improvements or whether the decision he has arrived at would further deteriorate the position.

Chairman : I have noted down your request, and as soon as I have heard what Madras has to say I will call on you. I understand that Madras had some suggestion on item no. 3.

The Honourable Diwan Bahadur Kumaraswami Reddiyar : I said yesterday that I had some ideas to be placed before the Conference as to how the extra margin of profit which the revised calculations disclosed could be utilised for the purpose of developing the sugar industry as a whole. The extra margin of profit according to Mr. Srivastava's calculations as found in his notes, is about Rs. 2-7-4 per maund, it may be exactly that amount or perhaps a little

less The protective scheme now introduced was intended mainly to promote and to build up the industry itself so that by the end of the period of protection the industry would have so far developed and strengthened itself that it could stand on its own legs This extra margin of profit must go towards carrying out this object for which the scheme of protection itself was intended, and it need not be redistributed either to the factory owner or to the producer of the cane or the consumer What we suggest is that this extra profit might be given as bounties for exports of sugar

It is not difficult to find a market outside India for the Indian sugar Taking for example the United Kingdom itself, we find that the bulk of its requirements of sugar come from foreign countries It is only about a third of its sugar that comes from Empire sources There is a small quantity which is locally manufactured , the rest of it comes from non Empire sources The imports from the Empire sources themselves receive considerable protection The Dominions have a preference which amounts to very nearly 4*s* per cwt — 3*s* 8 8*d* — the colonies get a little bit—1*s* —more than the Dominions and Honourable Members would remember that under Article 13 of the Ottawa Agreement His Majesty's Government in the United Kingdom have agreed to give us the same tariff preferences as they accord to the Dominions That would entitle us to a preference of nearly 4 *s* as I said, and if we ask for that, the British Government, as they have agreed to it under that Article, would extend it to Indian sugar as well It may perhaps be worth while to try and get even the higher preference that the colonies are getting Whether we succeed in that or not we can reasonably expect that we shall get in pursuance of the terms of the Agreement the same preference as the Dominions are getting When we get that preference if some further encouragement is afforded for exports we shall then have opened out before us a very good field in which could be found a further outlet for the products of this industry The fear of over production has necessitated the convening of this Conference and all the discussions that we have been having yesterday and this morning Internal and inter provincial jealousies and suspicions are expected to arise and the rapid expansion of factories has caused a legitimate fear that more sugar might sooner or later be produced than could be internally consumed That fear cannot be said to be altogether unfounded Probably the best way of preventing this state of affairs ever arising for preventing over production and the ill effects of it on the prosperity of the industry—the best method by which these objects could be achieved is, as I said, by stimulating exports and thus finding a fresh outlet If bounties on exports are to be granted the immediate question will be how is the money to be found In these days of financial stringency, unless some sources for the additional amount of money required are shown no proposal is ever likely to be looked at by the Government which has to incur the additional expenditure My suggestion is that the extra margin of profit which, as disclosed by the recent calculations, is going to the manufacturer should be collected from the manufacturer as an excise, and the proceeds of this duty must be employed for the purpose of granting bounties to the exporter There is nothing novel about this This system is found in many countries which are producing sugar at present They levy an excise and grant bounties to the exporter If that is done I think it will be an effective method of preventing

all these internal quarrels and internal jealousies and we shall certainly be expanding our industry for the benefit of all provinces alike. That is a suggestion which I place before the Conference for its very earnest consideration. The legislation with regard to this matter cannot be undertaken by Local Governments. Act XIII of 1932 is not a fiscal enactment. It is an Act which is intended, as its preamble says, to provide for the fostering and development of the sugar industry in this country, and one method of doing that lies along the line that I have suggested. A suitable amendment of that Act will be the appropriate legislation for carrying out this proposal, if it is accepted in principle.

The Honourable Sardar Sir Jogendra Singh : I think I might begin by mentioning that I am as deeply interested in the propriety of the sugar industry as I am interested in the well-being of the cane growers. All these years I have been trying to do my best to attract capital and to get factories established. Therefore it should not be taken that anything that I say is against the interests of the manufacturers. The Honourable Minister from Madras has opened prospect of a new market which we can explore, but if we take the figures supplied by Mr. Srivastava, the modern sugar factories are only making at present about $2\frac{1}{2}$ lakhs of tons of sugar and the sugar made from *Gur* and made by khandsaries means a great loss to the cane growers. Therefore I said yesterday that the time has not arrived when a halt should be called and that there is great room in every province for the establishment of sugar factories where sugarcane can be economically grown. When we have served our own markets we can begin to think of markets outside. A great deal has been said regarding the price paid to the cane grower. It was asserted yesterday that the price paid to him gave him 100 per cent. profit. It has been said by others that the cane grower gets the market price. No one has so far indicated the standard by which this payment has been judged. No one has said what is the cost of growing cane. I just elicited information from one of the biggest sugar manufacturers who has direct experience of growing cane, and he said that under direct cultivation the cost of growing cane was somewhere about four annas a maund. The Indian Sugar Committee held :

"After a careful consideration of the returns fu nished to us, however, we conclude as a tentative estimate that the average cost to the cultivator in 1920 of growing the thin varieties of cane in upper India is between 5 and 6 annas a maund, and that of growing the thick, Painda varieties, $8\frac{1}{2}$ annas."

It was said that in Sonepat the factory did not make any profit and it was concluded that because the factory did not make any profit it was paying an adequate price for sugarcane. Now, in Sonepat, my department has worked out the cost of production from one acre of cane. It is Rs. 114 to the acre and if from one acre 350 maunds of cane is produced then the cost per maund is at least 5 annas, or a little over. Unless a factory which means to prosper, pays an adequate price to the cane grower it cannot secure an adequate and constant supply of cane. Therefore it is in the interest of the factory owners to pay to the cultivator at least the cost of growing the cane. Our contention is that some factories, I do not say all, do not pay even the cost of production and that is why legislation is necessary. I am in favour of licensing factories.

It has been said that it is very difficult to fix a minimum price for cane. Now, the problem is not a new one It has been taken up by such cane producing countries as Cuba and Louisiana, and Cuba and Louisiana have come to an arrangement which is so familiar to the Indian cane grower If you take your cane to the cane factory, you are entitled to get a share of the sugar that is produced from it The Sugar Committee held that this share should be half the sugar produced Why should not it be so In the Punjab a notification was recently issued in the Department of Industries giving the basis on which the prices can be fixed This notification is in the file of all the members My contention is that it is necessary to protect the cane grower and unless you give him protection, he is forced to sell his cane as he cannot keep it standing, accept any price that is paid to him It rests with the Central Government and the Local Governments to guarantee to the cane grower a minimum price for cane with a sliding scale which would entitle him to get a decent price for his cane The proposal that I make is not only in the interest of the cane grower but it is in the interest of the manufacturer If the purchasing power of the individual cultivator increases, the market for sugar also increases and prices would keep a steady level It is not that the price paid to the cane grower is likely to nibble at the profit which the manufacturer is likely to make It is the wasteful processes which ill equipped factories follow that cause losses A conference like this ought to be a conference not of opposing interests but a conference of interests that must co operate Both the cane growers and the factories must come to an understanding to pay an adequate price to the cane grower and at the same time to secure an adequate return on the capital that has been invested The trouble arises when this co operative idea is lost sight of I must confess that there has not been any sign of this co operation, [illegible]

leave the cane grower at their mercy I am therefore entirely in favour of [illegible] early to [illegible] called [illegible] nd help the industry to grow and replace the wasteful processes of making sugar from *Gur* and the khandsari system which means such a loss to the cane grower.

Mr D P. Khaitan : I shall take up the string of the argument at the point where Sir Jogendra Singh left it and I absolutely agree with him that there should be the fullest co operation between the sugar manufacturer and the cane grower and because that co operation will be seriously disturbed if legislation is passed, is one of the strongest reasons why I oppose legislation of any kind whatsoever I am not basing my arguments on imagination or speculation I speak from actual experience in my own factories and those of my closest friends An atmosphere has grown up that sugar manufacturers are dishonest people and that they pay the cane grower as little as possible I may confes at once that there have been cases in which some mills have paid much le s han what other mills have paid The difficulty in the situation has often arisen by the insistence of the cane grower to sell The factory people have been trying

to supervise the dealings of the contractors and have sometimes been put into difficulty because of the touch that the sugar manufacturer has tried to bring about between himself and the cane grower. If legislation is passed, it is this attempt to bring about a touch between the sugar manufacturer and the cane grower that will be most seriously disturbed. Let us visualise what will happen when legislation of this character is passed. You have noticed that the Honourable Minister from the United Provinces has been driven to the conclusion that even contractors must be licensed. That is the worst feature of the whole scheme. If this happens, then the result will be that these licensed contractors will place the whole mill at their mercy. It will be a kind of monopoly enjoyed by the contractors and they will try to pay as little as possible to the cane grower and put the sugar manufacturer under their thumb absolutely.

If there is any feature of the scheme which the sugar manufacturers will fight against to the utmost of their capacity, it is this attempt to support legislation either in the Provincial Council or in the Indian Legislative Assembly. We are here to see that we make profits ourselves but we are also to see that the economic condition of the country improves in every possible way. We have not established our factories to be placed under the thumbs of licensed contractors. The fallacy in the argument which appeals to Mr. Srivastava will be apparent from the fact that Colonel Lees, who represents the sugarcane growers of Bihar, was driven to a bad analogy to support his argument. The only analogy that he could find was that of coolie sardars, about the employment of coolies in tea gardens. Anybody who knows anything about the way in which illiterate people were victimised by coolie sardars must surely know that the analogy does not apply to the case of the sugarcane grower and the sugar manufacturer. Does he mean to suggest that the sugar manufacturers are that kind of people who come under the category of coolie sardars who tempt people away from their homes to far off fields like Mauritius and other places after telling them that they are going to places of pilgrimage. Surely that condition does not prevail in the case of sugarcane cultivation or sugar manufacture and therefore the analogy upon which Colonel Lees has built his whole argument does not exist at all.

Colonel C. G. Lees : I asked that he might be licensed in the same way. There was no analogy. It is only the form of the licence. I never suggested that the two types of men were of the same standing. I was referring only to the form of the licence that is to be granted. That is all.

Mr. D. P. Khaitan : If he wants the same form of licence, then the analogy still remains. However I take it that Colonel Lees does not want to use that analogy.

Chairman : Then you are in agreement with Colonel Lees ?

Mr. D. P. Khaitan : If you ask me to fall in agreement with Colonel Lees, then I do not agree, but if Colonel Lees falls into line with me I have no objection.

Chairman : I understood you to say that these licensed contractors will be very objectionable people like the coolie sardars. Am I right ? Do you approve of licensed contractors ?

Mr. D. P. Khaitan : I am saying most emphatically that the worst thing that can be done to this industry is to license the contractors

Chairman : You say that they are as objectionable as coolie sardars who entice people away ?

Colonel C. G. Lees What I said was that the contractor had to go to the mill to get a letter to the local authority.

Chairman : You are attempting to use the argument that licensing of contractors means reflection on the factory owners That has created some confusion

Mr. D. P. Khaitan : My argument in plain language is this, that the manufacturers should, as far as possible, come in direct contact with the agriculturists and that they should be at perfect liberty to employ such men as they like for the purpose of making arrangements for the supply of their cane

Chairman : You are opposed to having any contractors.

Mr D. P. Khaitan : Ultimately, yes

Chairman: What does 'ultimately' mean ?

Mr D. P. Khaitan : In the beginning it has been found necessary to employ contractors

Chairman : You object to their being licensed ?

Mr. D P. Khaitan : Yes, Sir, for the reason that if contractors are licensed the manufacturers will be compelled to employ only those people who will be licensed by the Government for the purpose of supply of canes and that will be a kind of interference on the part of the Government as to the selection of the people through whom purchases have got to be made and whose services must necessarily be utilised for the purpose of running the concern and thereby the sugar factory will be placed in such a difficult position that it will be at the mercy of the contractors, which is a position which is neither good for the cultivator nor good for the factory itself

So far as the licence holders are concerned, it is my experience that they are worse people than those who have got to obey the orders of the sugar mill manufacturer because of their holding the licence Sir, the best way to bring about co operation between the manufacturers and the cane cultivators would be the establishment of co operative societies They will be able to deal direct with the mill manufacturers These societies will be managed by the agriculturists themselves In the beginning some assistance will have to be given for the purpose of establishing these co-operative societies These societies will have the further advantage of being able to be in touch with the [illegible] and the needs of the sugar manufacturer. [illegible] vators as to what kind of sugarcane to grow [illegible] price to realise [illegible] ation of a minimum price will not help to improve the quality of cane because the fixation of a minimum price would mean that whether a good quality of cane is grown or a bad quality of cane is grown, that amount of price is realised in any event by the cultivator And

you know the mentality of the cultivators. If they think that by growing any kind of stuff they are assured of a certain amount of profit, then they do not bother their head to find out other means of improving their income. That is the situation which the fixation of a minimum price will lead to. Dr. Narang yesterday pointed out the great difference between the yield derived from the Java cane and the yield derived from the cane in India. It is absolutely necessary to improve the quality of cane. If a minimum price is fixed, then there will be no incentive on the part of the manufacturer to spend money or to co-operate with the Government or the Department of Agriculture for the purpose of improving the quality of cane, and as I have already submitted there will be no incentive on the part of the agriculturists to grow better cane in order that they may be able to realise a better price for their produce. There will be another difficulty about the fixation of a minimum price and it is this. You cannot prevent a sugar manufacturer from buying cane from any person he likes and if you pass a law by which a minimum price is fixed, then what will happen will be that the sugar manufacturer, in order to keep clear of the criminal law that will be passed, will try to avoid coming in direct contact with the agriculturist as far as possible. It will be to his advantage in order that he may not be bothered by criminal prosecutions to employ a middleman from whom he could purchase the cane and about whom there will be no risk of criminal prosecutions being started and it will be no business of his, as it is at the present moment, to see whether the contractor gives the proper price to the cultivator or not. At the present moment I see from my actual experience that the sugar manufacturer does his best to see that the cultivator gets the price which is being paid to the contractor for the purpose of being paid to the cultivator. The passing of the criminal law will practically force the sugar manufacturer not to have anything to do with the amount that the contractor pays to the agriculturist because if he keeps himself in touch with what is happening between the contractor and the cultivator he may be taken to aid and abet the crime as between the contractor and the cultivator. Therefore the protection which the cultivator is at present getting by reason of the natural desire of the sugar manufacturer to supervise the operations of the contractor towards the cultivator will surely disappear. Therefore the worst thing that you can do for the cultivator at the present moment is either to license contractors or to fix a minimum price.

As regards the minimum price, the question naturally arises on what basis a minimum price should be fixed. All that can be done is just to fix that price which represents the cost of production and no more, because when a minimum price is fixed you cannot fix it higher than the cost of production, for on the one side you have got the agriculturist to look after and on the other side there is naturally the desire on the part of everybody to see that the consumer gets sugar as cheaply as possible, because that is the ultimate object of production being granted to an industry. The minimum price may also be fixed for bad cane from which there is less yield. In that case you cannot achieve the other object of protection, namely, that the consumers' interests should also be served. We should not in the course of this discussion forget the consumer also. It may look rather strange that a manufacturer is speaking on behalf of the consumer but as we have assembled here to consider all the

points of view it is necessary that all interests should take every point of view into consideration Mr Prior, speaking on behalf of Bihar, has already given you enough arguments against the zoning system and against the licensing of factories and therefore it is not necessary for me to dilate upon it any further But I should like to place on record the fact that whatever may be the view of Mr Lowrie, (who represents some manufacturers in the United Provinces and some in Bihar and Orissa), there is not only a majority but almost a unanimity of opinion among the other manfacturers that zoning and licensing of factories should not be introduced Mr Prior has given you all the practical and technical arguments against the zoning and licensing of factories There are great fears in the minds of a large number of people as to how licensing will operate I deliberately do not want to go into that question in further detail because the atmosphere that prevails in India is well known to everybody and I would not like to dilate upon that point any further If for no other reason, for that reason alone, it is not desirable that the system of licensing should be introduced in India at the present moment If we really want to protect the interests of the agriculturists and of the manufacturers and of the consumers, then it is necessary for us to see that every attempt should be made to use the bi products of the factory I am really surprised that the question of molasses has not yet been seriously considered by this conference although I should have thought that that was the most important factor in the process of manufacture that should have been considered All the molasses are not only going to waste but they entail some cost on the manufacturer to throw it away, and as the Punjab representative pointed out, there will be difficulty next year in even finding out a way in which to throw away the molasses

Chairman : Is that the alcohol business ?

Mr D. P. Khaitan : Yes, Sir

Chairman : That will come later

The Honourable Dr Gokal Chand Narang : I want to say a few words on the proposition before us

Chairman : It is not that I do not want you to speak but there will be a further opportunity for speaking Will you kindly wait ?

We have discussed items 3 and 4 at some length this morning As I stated earlier this morning, really and truly it is the United Provinces that have arrived, on the data before it, at the conclusion that it ought to proceed with legislation They are here in the conference to gather further data I have no doubt that some of us present here who have taken part in the debate have pointed out serious difficulties in the way of legislation

The difficulties in enforcing that legislation will be taken into consideration by the authorities responsible in that province Suggestions other than those relating to legislation have been made What I want to suggest, if Honourable Members would agree, is that the best way of helping the United Provinces is by letting them have the help of a few of us to discuss this method at their leisure to-day and tell us to-morrow as to what is the result of their deliberation The United Provinces Minister is the member of this Conference the most concerned No doubt he would like

to have an industrialist and a cane grower of this province. He would like to have Mr. Prior to help him in pointing out to him the difficulties of the policy which he proposes to pursue. Of the other members who have seriously studied this question of legislation Mr. Rajagopalachari of Mysore would kindly help him because he has a bill of similar nature. Of the other provinces which contemplate legislation in the near future, Bombay is one, and it wants to solve its troubles by proceeding to legislate for acquiring lands so that they may be placed at the disposal of factory owners or sugarcane growers. If in the absence of the Minister, Mr. Advani would serve on the committee it would be nice. Then I am prepared to request two officers of the Government of India, Mr. Ram Chandra and Mr. Burt assisted by the Sugar Technologist, to give the benefit of their experience and knowledge to this committee. The idea is that these gentlemen should consider the question of policy that the United Provinces Government have in view. They want this advice and this conference should be willing to give such advice. But the United Provinces Government will not in any way be bound by the report of the committee, either majority or minority. The responsibility of the United Provinces Ministry remains their own affair. This committee will be in an entirely advisory capacity. Those who want legislation will have the benefit of knowing what can be said in support of legislation. If the committee is able to give an agreed report then we will be in a position to judge to what extent this agreed report meets our needs. If the committee is not able to give an agreed report and if they state their different views, then we will have derived a good deal of benefit and will be able to proceed with the discussion in the light of what the committee have said.

The Honourable Dr. Gokal Chand Narang : I respectfully submit that the proposal which you have suggested is, to say the least, extraordinary. The way you have put your proposal, one cannot help feeling it, is more or less a private affair between yourself and Mr. Srivastava and this occasion is utilised simply because he happens to be here and the two or three gentlemen whom you have mentioned also happen to be here. It is clear from what you have said that it is no business of the conference. If the conference is to be treated as a unit or is deemed to posses any constitutional status, then the procedure you have followed is not the right one because the gentlemen whose names you have mentioned are not chosen by the conference. They have been nominated by yourself to assist Mr. Srivastava in an entirely private affair and if that is so, my submission is it would be best for you to dissolve this conference because it has no further interest in the matter. The nature of the deliberation of the committee would be entirely private. Mr. Srivastava could as well have taken some other opportunity at his leisure and might have utilized his sojourn at Simla for this purpose. He might consult you or your Secretary who will be in a position to advise him. He might also consult Mr. Prior and Mr. Advani and the gentleman from Mysore. My point is that any advice given unanimous or otherwise would be most misleading and would not be the opinion of this conference.

Mr. D. P. Khaitan : I support the proposal of the previous speaker.

Chairman : A member of this conference wanted a committee to be appointed in order to assist him in the solution of a problem with which he is

faced It is proposed he should have the assistance of some members of this conference There is some opposition that the members to be appointed to assist him should be other than those I have indicated

The Honourable Dr Gokal Chand Narang : I did not express any such opinion What I am protesting against is that a committee should at all be appointed, by the Chairman in this way

Chairman : Is it the wish that the committee I have suggested is not a suitable committee but some other committee should be appointed

Rao Bahadur Narasimha Raju Garu : Whether the conference has a right to appoint a committee

Chairman : This conference is not different from any other conference in the matter of appointing a committee

Rao Bahadur Narasimha Raju Garu The conference has not appointed the committee

Chairman : Then it is a question of either nomination or election It is perfectly open for the United Provinces representative to say there will be other persons than those I have indicated Bihar wanted no legislation, but since Mr Prior has studied the question of legislation I asked him to serve on the committee Of the Indian States, Mysore has studied this question and so I asked the Mysore representative to give the benefit of his advice No other province, I understand, feels the necessity for legislation There was no occasion for me to request the Punjab representatives to serve on the committee But if anybody feels there ought to be some one from the Punjab, I am sure the United Provinces Minister would be glad to have their assistance

The Honourable Sardar Sir Jogendra Singh : The point is, the United Provinces Minister wants to consult certain members of the committee on a private matter If that is so, we have no objection

Chairman : I thought, what you stressed twice this morning was the necessity for co operation Co operation in public and in private are not different Coming to Bengal, there was no question of Bengal coming in because it did not want legislation None of the Madras delegates wanted to serve on the committee in view of the strong views expressed yesterday Therefore it seems to me that the objection taken as to the way in which the committee has been nominated is not perhaps the result of a careful and calm deliberation.

The Honourable Dr. Gokal Chand Narang : I think you have perhaps entirely misunderstood me I cannot object to anybody consulting anybody else and I cannot object to your asking anybody here to help anybody else What I want to make absolutely clear is that those gentlemen whom you have suggested as suitable persons to be consulted by Mr Srivastava will not have any mandate from this Conference It is an entirely private affair. This Conference will not be responsible for their views whether those views found favour with one section of the Conference or with another That is all I wanted to make clear.

I should also like to say that it is not only those who have prepared Bills who can be said to have studied the question They may have felt the necessity

but that does not mean that the drafting of a Bill is the only index of having studied the question. As regards co-operation, everybody is prepared to co-operate with any gentleman who wants that co-operation; but it is only from the constitutional point of view that I raise my protest. Otherwise you are at liberty to name any gentlemen you want and the Honourable Minister from the United Provinces is at liberty to consult anybody he likes.

Chairman : I think what you have stated is perfectly correct that this committee has no mandate from the Conference, and that the views this committee formulates are not the views that will in any way bind this Conference or any section of it. Their views will be their own views. On that point you can rest assured that there will be no misunderstanding whatever.

Lala Padampat Sahib : I should like to point out that the committee is not fully representative of all manufacturing interests, but of course it is for you to form whatever committee you like.

Chairman : Thank you. I think we might now adjourn till eleven o'clock to-morrow.

The Honourable Dr. Gokal Chand Narang : Before you adjourn we should like to know what we are discussing to-morrow so that we may come prepared for it.

Chairman : First we will consider the report if any is presented by the committee. If they are able to present a report I would request them to have typed copies of it placed at the seats of the members of the Conference. If they are not able to present a report, we will proceed with the discussion of items 3 and 4 and after that, accidental items if any. We will further proceed to consider any statement that my Secretary may have ready as to the purport of the proceedings of yesterday's conference which will be circulated amongst the members to-morrow morning for their approval or otherwise. That is the programme that I have in mind for to-morrow. If there is anything else that gentlemen have to suggest I shall be very glad to consider it.

The Conference then adjourned till 11 o'clock on Wednesday th 12th July, 1933.

PROCEEDINGS.

Third day.

The Conference met at 11 A M , on Wednesday, the 12th July 1933, with he Honourable Khan Bahadur Mian Sir Fazl i Husain in the Chair

Chairman I believe, Gentlemen, that copies of the Summary* and of he Report† have been placed before Honourable Members and I had better take up with your permission the Summary first

The Honourable Dr. Gokal Chand Narang: May I draw your attention to one important matter and that is this In spite of the considerable discussion that took place yesterday regarding the nature of the Committee that you were pleased to appoint, the Indian News Agency—you are of course not responsible for it, but it is necessary to bring it to your notice—have circulated the news, after giving a brief summary of what happened that " The Conference eventually appointed a Committee to consider Mr Srivastava's proposal for legislation and submit a report to the Conference to morrow " It is entirely oppposed to facts In your capacity as Chairman I think you will be pleased to draw their attention to this erroneous statement It is surprising that any one present in this House—and I believe that some representative of this News Agency must have been present here—should have fallen into any error as to the nature of the committee that was appointed yesterday

Chairman: The Honourable Member has only repeated his protest of yesterday, and I think it did not apparently attract the attention of the representatives of the press yesterday It might to day

Now, we proceed to deal with the Summary I shall be very glad to have the comments of Honourable members

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Mr Prior pointed out that the first sentence under Subject II might give the impression that the Honourable Minister for Education in Bihar had expressed such an opinion Actually he did not do so Mr Prior also said that what he had stated in his speech was that as a rule the benefits of the protection had been fairly distributed though in certain cases they were not owing to certain causes

Mr Khaitan suggested that in Subject III (2) the words " and with this view Dr Narang, Mr Khaitan and Mr Padampet agreed " may be added after the words " the Government of Bihar and Orissa ' Dr Narang and Mr Padampet had no objection to this being done

No other members of the conference had any remarks to make on the Summary

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Chairman. The Summary in the light of the observations made by various members will be corrected Let us now take up the Report

Chairman: With your permission I would just mention that towards the end of the report what is put down is this " The Honourable the Chairman asked the Committee whether the United Provinces Government should proceed

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*Appendix I

†Appendix II

with the fixation of a minimum price for cane even though the Bihar and Orissa Government is not in favour of such a procedure. The Committee felt considerable difficulty in expressing an opinion and suggested that this important matter of principle should be referred to the Conference for advice." Now, the question is whether there should be legislation or not and the second point is whether legislation in a particular province should be undertaken or not. Unless it is claimed that the conditions prevailing in two provinces are identical, the question of principle does not arise, but still we shall be glad to hear on what particular point the minister for the United Provinces wants the advice of this conference.

The Honourable Mr. Srivastava : Bihar is a neighbouring province to the United Provinces. If we in the United Provinces fix a minimum price say at 6 annas and the factories in Bihar get the cane at 4 annas, then the factories in the United Provinces will be at a disadvantage, as they will have to pay more for their raw material. So we think that if a minimum price is to be fixed it should be done in both the provinces. That is our view. Otherwise it would not be fair to the factories in the United Provinces. That was the point.

Mr. H. C. Prior : My Government appreciated the difficulty that might occur if the Government of the United Provinces took a different view to theirs. As regards item 4 of the Agenda, as I stated yesterday, their view is that no legislation is necessary, but if the Government of India do not accept that view and consider that legislation is necessary my Government are of opinion that such legislation should be central, enabling legislation introduced after consultation with the various Governments if that was found to be necessary. Such enabling legislation would be passed by the Central Government and would give power to the various Provincial Governments to enforce it if they considered it necessary to do so in the case of a district or any factory. It seems to me, and here I am stating my own views and not those of my Government, that if such enabling legislation was passed and the United Provinces Government decided to enforce the fixation of a minimum price in the case of certain areas or districts and they proved that less than that minimum price was being paid in Bihar, it would be a matter for consideration by the Bihar Government whether they should try to meet any wishes of the United Provinces Government in the matter. If there was enabling legislation action could perhaps be taken quicker than if it was necessary for the province itsel to pass legislation through its provincial legislature.

The Honourable Mr. Srivastava : May I know whether legislatior such as this should be provincial or central ?

Mr. D. P. Khaitan : I wish to say a few words on this subject from the manufacturers' point of view. At the present moment I am only speaking on paragraph 4 of the report. When we come to other paragraphs I shall have other comments to make.

The point that has been put forward by Mr. Srivastava is really of great importance. I happen to represent in this conference only the Bihar manufacturers, but fortunately I have interests in the United Provinces also and therefore I am in a position to look at the question from a broader point of view than I could if I were interested in one province only. Supposing the

United Provinces Government pass a measure for the fixation of a minimum price it is not simply the position in the province of Bihar that affects the position of the United Provinces manufacturers but the position that prevails in the other provinces also, for example, Bengal, Madras, Bombay, Punjab They all affect the situation because the United Provinces manufacturers are not able to sell the whole of their production in that province only They have got to compete with concerns established in other provinces and *therefore if any legislation is passed*—I have *already said that I am opposed* to it—it should be uniform in all the provinces Then there is the question of States which is no longer a matter of mere speculation We know that Rampur is practically in the United Provinces It is establishing big sugar manufacture What will be the position of the State of Rampur as compared with the neighbouring districts of the United Provinces Then Mysore is starting factories—semi State factories Would not the condition in Mysore affect the position of the United Provinces ? Hyderabad is contemplating the establishment of factories and I am sure that Bengal will not be behindhand Four factories are already being started and with the impetus given by the Minister and Director of Agriculture, sugarcane cultivation in that Province is sure to affect the position of the United Provinces I hope the Hon ble Mr Srivastava in the legislation that he contemplates will not place the industrialists in his province at a disadvantage as compared with the Indus trialists in other provinces If he does the result will be that although factories may be established in the Provinces, they will not be established in the United Provinces The other Provinces will welcome legislation of that character for the United Provinces alone It is not as if the sugar manufacturers do not want to co operate They do want to co operate provided suitable constructive action is devised The
about that but if
lines for all provinces and also for all the States because we cannot ignore the States in this question

The Honourable Mr. P T. Rajan : You said that this matter entirely concerns the Provincial Governments I am afraid I cannot agree with Mr Prior when he says that there should be some Central legislation For the present we feel there is no necessity A time may come when if there is a neces sity the Local Governments will make a representation to the Government of India As far as the United Provinces is concerned, we are not in touch with the conditions there and we cannot give any advice to them on this matter

Mr H. C Prior · The last speaker suggested that I favoured Central legislation That was not my intention

The Honourable Mr. P. T. Rajan : I accept the explanation

The Honourable Dr. Gokal Chand Narang . I have only to support what was said by Mr Khaitan I think the United Provinces and Bihar are contiguous each other *and a good deal of* cane passes from one province *to the other, some* mills being situated almost on the border It will affect the United Provinces most injuriously if there is a restriction or minimum price fixed in that pro vince and there is none in the neighbouring province of Bihar and Orissa Then I am still in the dark as to the data which have led the Minister for the United Provinces to think of legislating for his province The only data is in

table A. The figures are given for the several seasons from 1929-30 to 1932-33 and I have not found a single factory, where the cost to the factory has been less than 6 annas or so. In some cases it is much more. The basic price which goes into the pocket of the cultivator is no doubt a little less. I will quote from the supplementary note Tables I, II, III, etc., which contain the latest figures for the year 1932-33. We find that the basic prices regarding the 7 factories are As. 5/6, 5/11·7, 5/7·1, 5/6·2, 5/7·2, 5/5·2 and 5/·3. None of these factories has paid less than 5 annas which has actually gone into the pockets of the cultivators. The mills have paid much more than that if other expenses for bringing the cane to the factory are to be taken into account. Then I find that the total price for factory delivery per maund is as high as annas 7/·9. The average price of cane per maund comes to As 5/6 and the total for factory delivery per maund comes to As. 7/9·38 for one factory and As. 6/11·79 for another factory and so on. This is for 1929-30. Taking the year 1930-31 we find similar figures again, the lowest average price paid by any factory is As. 5/3.

Chairman : Don't you think that the discussion is more on item 2 than on item 3 ?

The Honourable Dr. Gokal Chand Narang : I was only pointing out to the Honourable Minister that it would perhaps be too much to say that either he has been misled by some figures or something else has happened particularly in view of the fact that the neighbouring province is not making any law on the point and therefore he should also not think of it.

The Honourable Mr. Srivastava : We do not know how these figures have been worked out but we have made extensive inquiries and I can assure the Honourable Minister for the Punjab that a very much lower price is being paid in the United Provinces in several factories at all events. We do not want to lay those figures on the table here because they are necessarily of a private character, but he should take my word for them.

Chairman : I do not really think that the question whether the distribution of profits is fair or unfair or has been fair or unfair is now for discussion.

The Honourable Dr. Gokal Chand Narang : No, Sir, that was not the point that I was discussing. No doubt it touches the question in one way but the point is whether it is necessary to fix any minimum price even in the United Provinces. From the data that we have got it appears that it is not necessary. I understood one gentleman here to say that As. 5/6 would be the proper price. From the data we have been supplied with I find that that is the price that is already being paid. I have got a list of a number of factories and I can say that in the factories with which I am connected we have never paid less than As. 5/9 or 6 annas to the cultivator.

Now, with respect to the private information which has not been placed before us and which has been made available to the Honourable Minister, it is impossible to offer any criticism or comment. But even with respect to that I would make one submission, namely, that it appears that in one or two new factories which worked for the first time during the last season they paid unusually low prices ranging from 3 to 4 annas or so. It may be that there was cane in those areas which the cultivators did not know how to utilise and there-

fore they practically dumped it into the factory and were content with any price that the factory offered But that state of things will surely not continue The very next season will show that the cultivator will be more cautious and on account of the greater competition which has followed the establishment of quite a number of new factories which are under construction now, that state of things will automatically disappear Even with respect to those factories, I think, the Honourable Minister need not be alarmed

The Honourable Diwan Bahadur S. T. Kambli · From the discussion that we have had on this subject, it appears that the United Provinces is the only province which is in favour of fixation of minimum prices Other Governments are not of this opinion , specially the Bihar and Orissa Government is deadly opposed to it That in itself shows that there is no necessity for legislation affecting all the provinces If the United Provinces Government thinks that the fixation of a minimum price is necessary, it may pass legislation to that effect in its own Legislative Council

Chairman · It has never been suggested that there should be Central legislation of this character for all the provinces

The Honourable Diwan Bahadur S. T. Kambli : So far as I can see, Sir, from the discussion, the United Provinces is attempting to reconcile Bihar and Orissa to accept its view

Mr. H. C. Prior : No

Dewan Bahadur S. T. Kambli : In any case the United Provinces Government is in favour of fixation of minimum prices and the adjoining Bihar and Orissa Government is opposed to it I am therefore of opinion that every province should be left free to pass any legislation that it thought fit on this subject In my opinion the question of supply and demand must be left to take its own course Any attempt—however well meant—to interfere with this natural course is more likely than not to end in undesirable and unthought of consequences Interference with economic laws of supply and demand ought generally to be discouraged

Rao Bahadur Narasimha Raju Garu : As I understand the situation, the cane growers of the United Provinces and the representative of the manufacturers are all agreed that there should be a uniform price

Mr. D P. Khaitan : I do not suppose Mr Lownie supported the fixation of the minimum price So I do not think Mr Raju is correct in saying that the manufacturers like legislation of this character

Rao Bahadur Narasimha Raju Garu : That means the manufacturers of the United Provinces are not in favour of fixing the minimum price. Now, as far as the Government of Bihar and Orissa is concerned, I understand they are not in favour of fixing the minimum price, but if the Central Government considers it desirable, I think the question will be further explored by the Bihar and Orissa Government That is how Mr Prior put it

Mr. H. C. Prior In the first instance, it will have to be explored by the Government of India

Rao Bahadur Narasimha Raju Garu If the Government of India advised the Bihar and Orissa Government they will consider the situation, although

the manufacturers of Bihar and Orissa are not in favour of fixing the minimum price. If I correctly understood Colonel Lees, I think he is in favour of fixing the minimum price. And the Minister for the United Provinces considers that the fixing of the minimum price by the United Provinces Government will be a great disadvantage on account of the peculiar circumstances of the location of factories. In my opinion the best thing for the Government of India to do would be to examine the question of the two provinces after actually watching the whole thing for one season. Advice may be given to different provinces and, if necessary, the constitutional proprieties of interference by the Central Government may have to be explored in the interests of the cane grower.

The Honourable Sardar Sir Jogendra Singh : Sir, it has been said that 5 annas a maund is the fair price for cane. I do not know on what ground this conclusion has been reached. The cost of cane production is never less *than 6 annas a maund in Upper India*, and therefore, 5 annas a maund cannot be the fair price for cane. Now to secure cultivator a fair price, the question is whether the legislation should be central or only provincial. I think it should be provincial. Mr. Srivastava has pointed out his difficulties and I do not think we can offer him any advice on this subject with any advantage. It is at present a provincial subject and will have to be dealt with by the provinces themselves according to the conditions prevailing in each Province. We are not in a position to know what those conditions are and whether the price that is considered fair by the United Provinces Government would be fair in the Punjab. Under these circumstances I do not think this conference is in a position to offer any advice to Mr. Srivastava on this point. I am however in favour of fixing a share in sugar of the cultivator as recommended by Indian Sugar Committee.

The Chairman then read out certain telegrams received from certain private individuals expressing their opinion as regards the fixing of minimum price for sugar.

Mr. D. P. Khaitan : From a constitutional point of view it is not proper that these telegrams should be put on record.

Chairman : These telegrams are not put on record. I read them out simply to show the sort of sentiments entertained by some unknown people. The opinions of members of this conference are valuable and they are based on knowledge they derived from records we have circulated for information. But these telegrams have no value whatever.

As to this report that has been submitted to this conference by the committee, the question put by th Chairman of the committee is this. "If I proceed to legislate and fix a minimum price and my neighbouring province does not do so, that would be awkward for me. What does this conference advise me to do in the circumstances?" The reply of the conference as gathered from those who have taken part in the debate, namely Bombay and Madras is, "well, that is your affair. We have not got the material before us to give you really good advice whether you should have legislation or not. In the second place we do not know whether the conditions that prevail in Bihar are different from tho e prevailing in the United Provinces". The same view is expressed by the Minister for Industries in the Punjab. His advice is, "do not

gislate at all and this trouble will not arise" I, therefore, do not think that ie Minister from the United Provinces can derive much assistance from ich views as have been expressed by those who have taken part in the dis ission Yet almost all are agreed that if there is an evil, there must be some ay in the natural course of events to cure that evil If there is an evil in the Inited Provinces and his colleagues feel that it is so and he proceeds to legis ite to remove that evil and if the same evil exists in Bihar and and Orissa is iere any reason to believe why the people who suffer from that evil in Bihar nd Orissa will not approach their Government with the same requests? Then he Bihar and Orissa Government will not be able to resist that request No overnment can form a policy to which it must adhere for ever Every policy s liable to be reviewed in the light of circumstances when new facts are brought o their knowledge Therefore, I do not think that, that, by itself would be an nsuperable difficulty Yet legislation is a serious matter It is easier to for gislate than to enforce it There are all sorts of troubles and the Minister or the United Provinces will have to discuss and defend from more forums than ne in the United Provinces itself We can hardly go into matters of detail If egislation is needed by more provinces than one, no doubt that can be under aken, by the Central Government If it is needed only by one province it is ut right that the passing of the legislation should be left to that province)ne might go a step further and say that even where it is needed by a few rovinces and after a great deal of discussion and consultation the provinces oncerned are more or less agreed on the lines which that legislation should ake hen those *sister legislatures should proceed to legislate rather than have* ecourse to the Central legislature I have no doubt *this is the opinion of the* onference My friend the representative of cane growers from the Punjab as alluded to the possible persuasive eloquence of the Government of India in utting matters right No doubt eloquence is a great virtue and it can go a ong way, but when in the hard realities of life money matters are involved it is est to adjust them on business lines, rather than with he help of eloquence f there is dearer cane in the United Provinces one tendency will be for new actories to be opened in Bihar and Orissa and when they are opened in Bihar nd Orissa they will injure the existing factories in Bihar and Orissa and the ihar and Orissa Government cannot look with equanimity when that happens o there are very many points that come into the problem and they will no oubt receive due consideration at the hands of the authorities in the two rovinces This is really all that need be said on the subject The United rovinces Minister will realise that it is not from any lack of desire to help m that we have not been able to give him any advice but it is because he problem is such that with such observation as various members of he con erence have made he no doubt on his return will think over the matter and then ome to a final conclusion

Mr D P Khaitan. I wish to say a few words as regards *paragraphs* 15 o 17 of this report

Chairman. The point is whether you want this conference to express an

no opinion on

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Do you like this portion of the report to be discussed and views expressed thereon ?

Mr. D. P. Khaitan : I have really no suggestions to make. That is a matter within your discretion. I want to draw your attention to clause 4 sub-clause (2) of the Bill which I did not see before and which seems to me to be a very dangerous clause. It says that "no factory shall without the sanction in writing of the Local Government buy sugarcane grown outside its area of operations".

The Honourable Mr. Srivastava : That refers to zoning which was not approved by the committee yesterday.

Mr. D. P. Khaitan : This is a very dangerous clause. It does not permit sugarcane to be bought outside the zone. Does Government give any guarantee that within that zone enough sugarcane will be available ? Does Government force the cultivators within that zone to grow sufficient sugarcane within that zone ?

The Honourable Sir Frank Noyce : May I ask whether the provisions of the draft Bill are before the conference ? I understand that the Bill has been superseded by the report of the committee.

Mr. D. P. Khaitan : If that is understood I have nothing more to say. If it is clearly understood that the conference does not express any opinion on the report that has been submitted by the committee, I am quite satisfied.

Chairman : The view expressed in the report is the view of the majority who have signed the report.

The Honourable Mr. Srivastava : Sir, will you permit a discussion on the report of the committee itself ? We would greatly welcome the views of the other provinces as regards the main proposal that we have made, if that is possible.

Chairman : I have no objection to its being discussed if the conference so desires. There are two paragraphs, 2 and 3, one negativing zoning and one approving the fixation of minimum price. Do the members of the conference wish these points or any one of them to be discussed ?

The Honourable Dr. Gokal Chand Narang : As a member of the conference I should take no notice at all of the report that the private advisers of the Honourable Mr. Srivastava have submitted. So far as a formal discussion of this report is concerned it is out of our jurisdiction because we never appointed this committee and we have no jurisdiction to entertain this report. It is a private document prepared for the benefit of Mr. Srivastava and he can make any use of it he likes. But if he wants anyone in this conference to give an opinion on any point in this report I think it rests with you whether you will allow him to have the opinion of this conference or not. For myself I am quite prepared to express a personal opinion if he wants it.

The Honourable Mr. Srivastava : There are three points in item no. 3 and these have been dealt with in the report.

Chairman : I would start with the point about the fixation of minimum price, and that, I understood, we have to a certain extent discussed already.

Mr. D. P. Khaitan : Sir, would you allow a discussion on an alternative proposal that I wish to make ?

Chairman : If the discussion on this does not proceed, certainly there will time for it Do you think any further discussion on the minimum price oblem is likely to bring out more reasons or arguments ? I think most of the presentatives have expressed their views and I understand most of the re-esentatives of cane growers want a fixation of price and most of the represent-ives of the sugar factories want no fixation of price As to zoning and ensing I do not think we can ask the conference to discuss these unless ere is a demand from some part of the conference that these be discussed

The Honourable Dr. Gokal Chand Narang · I should like to say a few ords *Prima facie*, zoning will injure the agriculturists and it will benefit e factories And speaking from the personal point of view only, that is, om the point of view of the sugar manufacturers, perhaps it will be good with rtain qualifications, but it will almost ruin the agriculturists In the supple-entary note which was circulated to us, we find on page 60 the opinion of the ariff Board, and I will just read a few lines from it

"Competition between factories is the only definite safeguard which the ltivator possesses for the maintenance of cane rates and it would appear equitable to deprive him by statute of this guarantee unless effective statu-ry provision could be made for the rates which should be paid for cane As e have seen any such provision would be extremely difficult to enforce, nerally we feel that the question of the distribution of cane, areas of supply nd the fixation of zones is a matter to be determined by the factories con- the problem is not insoluble if, as may be hoped, manufacturers comes into being as a result of the

The Hon'ble Minister from the United Provinces is probably aware that there s a sort of qualified zone system already in existence For instance, the mill wners have come to an agreement that no outsider should fix his weighbridge t a place where a factory exists and that convention has been fairly well estab-shed Hardly any breach of this convention takes place so that it is already sort of limited kind of zoning which is in existence Then there is another rouble and it is this If zoning takes place it may be that the factories nay also suffer and it is in this way Supposing floods destroy the cane rop or drought destroys it, the factory if it is restricted to a particular area ill have no cane to crush, and I am sure the Hon'ble Minister does not wish hat in those circumstances the factory concerned should not be allowed to nport cane from outside that zone Then again, suppose in a particular one there is more cane grown by the cultivator than can be absorbed by the actory situated in that zone

Chairman : Are you supporting the majority or the minority view on this oint ?

The Honourable Dr. Gokal Chand Narang : I am emphasising the view xpressed by the majority I am saying that really zoning is not necessary t would act to the detriment of the agriculturist more than the factory owners hom it may benefit in certain conditions, except that in exceptional cases it nay injure the factories also, *e g* , in case drought or flood or disease destroys the

cane. In that case the factories will also be injured. Otherwise the factories will benefit by the zoning system, and if I were to speak on behalf of the manufacturers of sugar I would welcome zoning. But I think it would be most unfair to the cultivator to restrict him by zoning. He would not find any outlet for the cane which cannot be taken over by the factories and thereby he would suffer a great loss. I think therefore the Honourable Minister should really not think of zoning at all.

The Honourable Diwan Bahadur Kambli : I quite agree that zoning in certain cases may prove beneficial to factory owners, but it will surely be detrimental to the cultivators in various ways as pointed out by the last speaker. I am therefore emphatically of opinion that zoning should not be resorted to at all.

Mr. D. P. Khaitan : The alternative proposal that I wanted to submit was this. Let not the impression go abroad that the manufacturers are opposed to the interests of the sugarcane growers. I may at once submit that those of us who pay a fair price to the agriculturists are ourselves hurt by reason of some factories not paying the same amount of price to the agriculturists. But if we have opposed the fixation of price it is on other grounds and because we feel that it is impracticable and unsuitable to the needs of the agriculturist. It is necessary that this matter should receive careful consideration not only in the interests of the agriculturists and of the country as a whole but also in the interests of the manufacturers, and it is not desirable that we should plunge upon any hasty action which may be detrimental to the interests of all concerned. I therefore suggest that some scheme may be devised whereby this matter can be thoroughly considered. One idea occurs to me, namely, that an *ad hoc* committee may be appointed who will give sufficient care and attention to this problem so that the condition of the industry may be stabilised, so that the agriculturist may get sufficient advantage out of it, and also so that the consumers' interests may not be adversely affected. In view of the fact that the manufacturers really want to give their whole-hearted co-operation to a proper scheme of this character I suggest that the co-operation of the manufacturers may be sought in this matter and a committee appointed. I have not thought out the names of those persons who should constitute this committee, we can sit for two or five minutes and decide upon the names, but I feel that this matter does require very careful handling, and the only way in which I think it can be done is by the appointment of an *ad hoc* committee on which the manufacturers should be properly represented, on which all sides of view should be properly represented. It is possible to devise schemes which will benefit all concerned and will not be such that one's interests will be injuriously affected and another's interests will seemingly be advantageously affected, but in our opinion will really be injuriously affected. I do not like schemes of that character. So, let the matter be thoroughly investigated and a proper scheme devised. If this method appeals to you and other members of the conference we can further discuss the details about it, namely, as regards the constitution of the committee and how it should meet. I am anxious to avoid as much expenditure as possible. The committee can meet at Cawnpore or anywhere else. It requires time, it requires deeper consideration.

The Honourable Sardar Sir Jogendra Singh : Do you suggest a provincia an all-India committee ?

Mr. D. P. Khaitan : Not a provincial committee.

Chairman : The suggestion is an extraordinarily good one and the oint underlying it is one which one cannot commend too much, and I have not e slighest doubt that Honourable Members present in this conference will ake note of it. Possibly in some provinces already committees of some sort on nese lines exist, but if they do not, it is an idea which ought to be fully explored. But All-India organisations are not altogether to be encouraged A emporary meeting may be brought about in order to bring various provinces ogether for a few days to understand each other, but on the whole, it would be est to have provincial organisations the framing of which must necessarily be eft to the responsible Ministers in the provinces So far as central organisaion is concerned, there is the Imperial Council of Agricultural Research and ts Governing Body, as I understand there is a Sugar Committee on that body [illegible] effort will be made to see that all interests are [illegible] me to something which you wanted the conerence to take up for discussion, something that is not on the agenda What s it exactly ?

The Honourable Sardar Sir Jogendra Singh : The use of the bi product known as molasses But before you take up that subject I wish to support the very valuable suggestion made by Mr Khaitan and I think it would help the provinces greatly if we had a definite view recorded of this conference that provinces should constitute such a committee to regulate prices in the provinces themselves

Mr. D. P. Khaitan : That was not my suggestion (Laughter)

Chairman : On that point I have already made a statement and I have no doubt the conference would like the matter to be left there

A paper has been given to me signed by a large number of members present here in these terms

"This Conference recommends to the Government of India—

(i) that steps be taken to provide facilities to Indian sugarcane factories and sugar refineries for the manufacture of alcohol for admixture with petrol and for utilization for industrial purposes ,

(ii) that legislation be passed requiring that no petrol be sold in India unless it has in it an admixture of perscribed percentage of power alcohol manufactured from molasses produced by sugarcane factories and refineries in India "

The Honourable Diwan Bahadur Kumaraswami Reddiyar : They have not all signed the resolution , they have merely agreed to the subject being discussed

Chairman : As this matter has been put forward in the form of a resolution and the subject was not on the agenda and was not put on the agenda although it was suggested for discussion, I cannot possibly allow the resolution

to be moved. I thought what you wanted was to bring certain points to the notice of the conference. I may have agreed to that by a favourable interpretation as the lawyers say, but in view of this I am afraid it would be best to leave this matter being discussed in a more formal and regular manner when it is put on the agenda. I understand the subject is under the consideration of the Sugar Committee of the Governing Body of the Imperial Council of Agricultural Research, that is to say, it is not a subject which has escaped attention. As a matter of fact, as soon as the report of the Sugar Committee is made public you will realise that we have done a good deal of work on that subject. I do not think any useful purpose will be served by a desultory discussion unless there is a wish just for an expression of feeling.. But that will not do much good.

The Honourable Sardar Sir Jogendra Singh : The only good it might do is to bring to the notice of the Government of India the desire of both the sugar cane growers and the sugar manufacturers on this point and also the views of this conference on the matter to show that a large amount of molasses is running to waste at present.

Chairman : That has been already brought to the notice of the various departments of the Government of India. That is also being discussed by the Sugar Committee of the Governing Body of the Imperial Council of Agcicultural Research.

The Honourable Sardar Sir Jogendra Singh : The Government of India is going to take action?

Chairman : The Government cannot say whether it is going to take action or not, but the matter is being dealt with by some department of the Government of India or other. If you can discuss the matter without in any way interfering with the present revenues of the Government of India you are welcome to do so, and it would be interesting to hear how you would prote the present revenues. If you have any ideas about it, let us have them, b if you have not any, no useful purpose would be served by a desultory discu sion on a matter which is really an extraneous one.

The Honourable Sardar Sir Jogendra Singh : I would submit, as tl note that has been submitted reveals, that there is a general consensus opinion in this conference that this matter needs the very urgent attention the Government of India. Now, you have raised another issue, and that issu is that we can only discuss this matter further if it does not affect the financ of the Government of India. That matter I do not think is within the rang of discussion of this conference. We can only discuss this matter from th point of view of the cane grower and the manufacturer, and as you have per mitted discussion.

Chairman : I have not permitted discussion yet.

The Honourable Sardar Sir Jogendra Singh : If you would permit discus- sion, I should like to bring to your notice what has been done in this matter in other countries.

— — ... Dewan Bahadur S. T. Kamble ... W ... r p rmission, of four annas the proceeds of such a cess should be utilised for the purpose of research, propaganda and demonstration just as is done in the case of cotton

Chairman: There are two subjects and only fifteen minutes I shall be very glad to hear the views of members, so long as the revenues of the Government of India are safeguarded What you suggest is that there is a way of dealing with the problem of molasses which will safeguard the existing revenues of Government derived from petrol and enable factory owners to agree to an excise which will provide funds for research If so I shall be very glad to hear your views

The Honourable Sardar Sir Jogendra Singh: The Chairman has permitted discussion provided our recommendations do not interfere with the revenue of the Government of India Taking a large view of the finances of the Government of India, I think that if making use of the molasses adds to the prosperity of the agriculturist it must add to the revenue of Government The consumption of petrol is increasing and if an admixture of alcohol cheapens ... G ... of India a larger ... The consumer ... sold at a much higher rate than in England and the admixture of alcohol will cheapen the petrol supply for the consumer This increased consumption will add to the revenue which the Government of India may derive from it

The Honourable Sir Frank Noyce: What is the cost of making this alcohol?

The Honourable Sardar Sir Jogendra Singh: Mr Lownie will be able to enlighten you on this subject What we are suggesting is not a new thing Almost all sugar producing countries have taken action I would draw your attention to an article which appeared in the International Sugar Journal in which the progress of the alcohol industry is described France, Germany, Hungary, etc have passed legislation on this subject making it compulsory for a petrol company to utilise power alcohol Molasses has now become a waste product It will add to the income of the agriculturist and bring more revenue to Government if it is turned into power alcohol I earnestly appeal that the Government of India may be pleased to give immediate attention to this problem

Mr J M Lownie. Central legislation might also be introduced with what, in my opinion, is going to restrict the development of the more than any other factor I refer to molasses, now unsaleable If f have not sufficient storage accommodation for a normal season s p they will have to close down prematurely and what is then to happen ryots' cane crop? I leave it to the members of the conference to envi position Burning is a possible outlet but a doubtful one As a

Mr. W. O. Wright : Without going over the ground covered by previous speakers there are two points in connection with the matter now being discussed by the conference to which I would like to draw attention One is that a large proportion of the petrol used in this country is imported, and if it is possible to replace this imported pertol by power alcohol it would largely assist India to reduce our adverse trade balance Secondly, it has been said that 13 million maunds of molasses produced in India would make about 40 million gallons of power alcohol I do not think for one moment that the whole of that or even half of that would be turned into power alcohol because it will mean very expensive distilling plants which some manufacturers will not be prepared to put down Further, considerable quantities of molasses are already used to produce country spirit in curing tobacco and to a small extent for other purposes, so that the quantity of molasses which we wish to be turned into power alcohol would not by any means be a very large proportion of the molasses to be produced in India Mr Lownie also mentioned that the sale of petrol in India was about 70 million gallons In the year 1931 32 the sale of petrol was estimated to be 73 million gallons, in the year 1926 27 it was 36 million gallons Therefore during the period of 6 years the petrol consumption in India has been doubled and we can look for a similar rate of increase in future so that it is not really a very great hardship to the oil industry in India if some part of the increasing demand for spirit for industrial and motor power was provided by alcohol from molasses Particularly if means were found by which this alcohol should replace imported petrol

Mr. D P. Khaitan : After what has been said by Mr Lownie and the speaker from Madras, there is hardly anything more for me to say and therefore I do not like to take up the time of this conference by delivering a long speech I would only like one fact to be impressed in the mind of everybody present here and it is this The way in which you can really benefit all classes, namely, the agriculturists, the manufacturers and the consumers, is to find a way out of the difficulty in the disposal of the bi product, *viz* , the molasses The Honourable Minister from Bombay put a question to Mr Lownie as to whether it is not desirable to carry on a research about other uses of molasses I would submit that research has already been carried on in a large number of countries and when a house is on fire we should not begin to sink a well That is a very good Indian proverb When the house is on fire we must use the water that is available The sugar manufacturers are not able to dispose of the molasses and they do not know where to throw it away all the time The agriculturist is being injured the manufacturer is being hurt and the consumer does not get the advantage of low prices of sugar In these circumstances, we ought to utilise the experience of a large number of other countries in the world where the best use that they have found for molasses is to convert them into power alcohol and have prescribed it by legislation that no petrol can be sold in the country which has not a certain prescribed percentage of power alcohol mixed with it There should be no difficulty in doing this As has already been pointed out, the quantity of power alcohol that we shall get from the molasses will not be unduly large, and, so far as the oil company is concerned, we have got to look into the interests of both the sugar manufacturer and the oil company But if the interests of one clash with the interests of the

other, justice should be done to both. But in the circumstances that prevail in India, I associate myself with what has been said by the representative from Madras that even the oil company will not suffer by a legislation of this kind having regard to the fact that a large quantity of petrol comes from Soviet Russia and from America. This power alcohol will be manufactured within the country out of Indian raw material and with Indian labour and with Indian genius. So, it is a thing which should be used in preference to the petrol imported from places like Soviet Russia and America. As regards the revenue to the Government of India, it has already been said by the previous speaker that a way may be found out so that the revenue of the Government of India may not suffer. I hope, Sir, that you as the President of this conference and the other Honourable Members of the Executive Council of the Government of India who are listening to this discussion will seriously and sympathetically consider this most important proposal that has come before this conference about which there can be no controversy and about which there is an agreement on all hands.

Chairman : That concludes the discussion of expression of opinion on this matter. I do not think there is time for the research work.

The Honourable Diwan Bahadur Kambli : Sir, we are not unfamiliar with the imposition of cesses by the Central Government. As a matter of fact, we have got a cotton cess already. We know also that the proceeds are being earmarked and utilized for a particular purpose in the case of cotton cess. My proposal is that on the lines of these cesses we ought to impose a cess not exceeding 4 annas per cwt. of white sugar produced in this country which is expected to yield an amount of about 26 lakhs of rupees per year. We expect that this figure will soon be doubled as the sugar industry progresses and ultimately the proceeds from such a cess would amount to about 52 lakhs per year. I propose that this amount should be earmarked and should be utilised for purposes of research, for the purpose of improving the quality of the cane and the process of manufacturing sugar in this country. The proceeds of the cess should also be utilized for demonstration and propaganda. Ultimately, the results of research will bring to the grower of the sugarcane some assured benefits, and to the manufacturers increased profits; and also sugar will be supplied to the consumers at a cheaper rate than now, provided the results of the research carried out prove to be successful. I hope that the manufacturers of sugar will not oppose the imposition of this cess. The amount of the cess is very small as compared to the benefit that they now enjoy and I trust that this conference will receive this proposal with approval. It may be argued that the Imperial Council of Agricultural Research is engaged at present in carrying on research in sugar. But the resources of the said Council are limited; the Imperial Council Agricultural Research cannot be expected with its limited resources to carry on research in sugar to the extent and on the scale that the situation demands. Therefore a special cess on the white sugar produced in this country is absoluetly necessary to provide funds for carrying on research demonstration and propaganda on an intensive and extensive scale for the ultimate benefit of the cane grower, the manufacture of sugar and the consumer at large.

Mr. J. M. Lownie : I should like to say a word about this proposal. The Honourable Member from Bombay suggests a cess. This cess, let me

point out, is on the white sugar industry There is no provision presumably for collecting a cess from the Khandsari sugar manufacturer or the *Gur* manufac turer whose production is very much more than that of the white sugar manu facturer The white sugar industry already pays a cess to Government in the shape of income tax which is over 25 per cent of the profit and the Khandsari sugar industry escapes the payment of income tax being agricul tural It has already been proposed that the white sugar industry should pay a minimum rate for cane With decreasing prices for sugar and no sale for molasses the industry cannot stand so large a cess as the Honourable Minister from Bombay suggests *i e* 4 annas cwt A telegram has been read out from Calcutta In that telegram the maximum price of sugar was suggested as Rs 7 a maund and the minimum rate for cane As 8 per maund If a factory obtains an extraction of 9 per cent. it will require 11 maunds of cane at 8 annas that is Rs 5 8 0 per maund of sugar for raw material alone which leaves only Rs 1 8 for the manufacturing cost and freight say to Calcutta which is about Annas 12 a maund of sugar If a cess is instituted it must be a smaller one than is suggested by the Honourable Minis ter from Bombay

The Honourable Dr Gokal Chand Narang May I say one word in reply to what the Minister from Bombay said If you want to have a cess you should have it on the bi products of molasses because the question under consideration is molasses

The Honourable Diwan Bahadur S T. Kambli: The Chairman has allowed this subject to be discussed as a separate matter altogether

Chairman Gentlemen this concludes the business that has been placed before the conference There is one point more and I do not know whether I can suitably call it business It has been suggested to me that there is a general desire prevailing amongst the people artistically inclined in Simla to have a pho tograph taken of the members of this conference I believe I may assume that the conference has no objection to itself being photographed I think it will not be possible for us to re assemble here after you have been photograph ed and therefore I would just like to say a few words as to the pleasant time we have had here with you I have not the least doubt that the discussions that we have had here will prove helpful to every province that is represented here My colleagues and I have derived an immense benefit from being present at these discussions We have learnt a great deal and I am sure what we have learned will be very helpful to us whenever we have to discuss any of the matters in which the conference has been interested I now thank you all for all the trouble you have taken in coming here and in taking part in these discussions and wish you good luck on your return to your provinces I wish you every success in the task that is ahead of you (Applause)

The Honourable Mr P T Rajan May I be permitted on behalf of Madras and if I am permitted by other provinces to offer our sincere thanks to you and the Government of India for having convened this conference No tangible results have been arrived at in this conference, nevertheless the

conference has been able to have the benefit of the opinions of representatives from various provinces which are part and parcel of the sugarcane industry. The discussions have helped the provinces to understand each other and to know the conditions prevailing in various provinces of India. To this extent, this conference has indeed been very instructive. I should have liked to offer some more remarks on the proceedings of the conference but I am afraid the time is rather short and I will close my speech by expressing once more the thanks on my behalf and on behalf of the other provinces for the kindness shown to us by you not only in this conference hall but elsewhere.

Mr. S. P. Rajagopalachari : Sir, on behalf of the Indian States I wish to associate myself most sincerely with the sentiments expressed by the Honourable Mr. Rajan. The States also are extremely obliged to the Government of India for asking us to come here and I may say that we have been immensely benefited by the discussions that have been going on here for two or three days. We are also obliged to you for your kindness, courtesy and the consideration with which you treated the delegates.

The Conference then terminated.

APPENDIX I.

Summary of the proceedings of the meetings of the Sugar* [illegible] *July, 1933, relating to items 1 to 4 of the* [illegible]

The following resolution was moved by the Honourable [illegible] mad Husain, Minister, Bihar and Orissa, and accepted [illegible] —

Whereas the recent development of the [illegible] although it cannot be said to have been [illegible] general fall in prices of agricultural produce [illegible] towards an increase in the area under [illegible] opinion—

(i) that when the modern factories now under [illegible] capacity, it is likely that these and [illegible] cient white sugar to meet the [illegible]

(ii) that in view of the consideration that [illegible] raw material is very large, the demand for [illegible] extensions should be carefully watched in the interests of the [illegible] ment of a sound industry, and

(iii) that if the production of sugarcane expands beyond the actual requirements it would be extremely difficult, and indeed almost impossible, for any reasonable level of prices for *gur* to be maintained.

2 In the course of discussion it was recognised that, although the calculations made by the Sugar Technologist showed that the output of the factories now in existence or under construction will ultimately be equivalent to the quantity of white sugar which is at present consumed in India, there may be greater demand for factory made sugar because of the existing demand for *khandsari* sugar and even *gur* being replaced, at least partially, by factory made sugar It was also pointed out that an outlet had to be found for the utilisation of sugarcane which was grown on a more extensive scale than before as a result of the fall in the prices of other crops The representatives of Madras, Bombay, Punjab, Mysore and Hyderabad were, therefore, generally inclined to the view that the establishment or extension of the sugar manufacturing industry in these provinces or Indian States would be desirable in the interests of agricultural economy, whatever the position in the United Provinces and Bihar and Orissa may be In holding this opinion they were also influenced by the consideration of benefit to the consumer, who would be able to buy sugar at a cheaper rate from a local factory, as expenditure on freight from long distances would be avoided

Subject II—The opinion expressed by all representatives of sugarcane growers, by all Honourable Ministers except the Honourable Dr Gokal Chand Narang and by officials was that the benefits of the protection granted to the sugar industry had not as a rule been fairly distributed between different interests and that the sugarcane grower had received less than his fair share A large majority of the representatives of the sugar manufacturers present considered that the benefits of protection had been fairly distributed between the different interests

Subject III—The Honourable the [illegible] [illegible] le Ministers or [illegible] whether in the [illegible] ents to regulate [illegible] sugarcane growers and sugar manufacturers was necessary or desirable The statements made showed—

(1) [illegible] be both nece[illegible] [illegible] on was contem[illegible]

(2) that the Government of Bihar and Orissa considered that legislation [illegible] impracticable and against the interests both of the industry and of [illegible] growers,

* This summary was placed before the [illegible]

(3) that the Mysore Government had come to the conclusion that it was desirable to take steps to regulate the growth of the sugar industry in the Mysore State and also to regulate the relations between cane growers and sugar factories;

(4) that the Hyderabad State agreed with the attitude of the Mysore State; and

(5) that in the Punjab, Bengal and Madras no occasion for decision on this question had yet arisen. In Bombay legislation is under contemplation the object of which is to assist sugarcane factories to acquire or lease land in order to ensure an adequate supply of fresh raw material.

APPENDIX II.

Report of the Committee.

After a preliminary discussion in the Conference on items 3 and 4 of the agenda, a Committee consisting of the following persons was appointed to assist the Honourable Minister for Agriculture, United Provinces, in the consideration of the desirability of the action contemplated in that province and to report to the Conference :—

The Honourable Mr. J. P. SRIVASTAVA, Minister for Agriculture, United Provinces, *President*.

Mr. B. C. BURT, C.I.E., M.B.E., I.A.S.,

Mr. RAM CHANDRA, C.I.E., M.B.E., I.C.S.,

Mr. H. C. PRIOR, I.C.S.,

Mr. J. M. LOWNIE,

Mr. HAR SAHAI GUPTA,

Mr. S. P. RAJAGOPALACHARI,

Mr. P. B. ADVANI, and

Mr. R. C. SRIVASTAVA.

The Committee met at 3 P.M. on Tuesday, the 11th July, 1933, under the Chairmanship of the Honourable Mr. J. P. Srivastava, all members being present.

2. The majority of the Committee are agreed that if a fair price is not being paid for sugarcane to the growers by some of the factories in the United Provinces as is stated by the Honourable Minister for Agriculture, United Provinces, some measure aiming at the fixation of a minimum price is desirable and necessary. It is well recognised that the determination and notification by Government of a minimum price for cane based on the ascertained price of sugar would present no grave difficulties, but the practical difficulty lies in ensuring that the growing receives the prescribed price. The majority of the Committee agree generally with the United Provinces proposals in paragraphs 15, 16 and 17 of their memorandum* in regard to the fixation of prices, including the methods for enforcing it, subject to the condition that the commission of contractors should be paid by the factory and should not be deducted from the prescribed minimum price. Two members thought that the responsibility for the minimum price reaching the cultivator should rest with the factory and that the contractor should be regarded merely as an agent of the factory. Mr. Prior said that he had no authority to express any opinion on the proposals of the United Provinces Government but, in his personal capacity, he was doubtful whether it was practicable to enforce the payment of a minimum price to the actual cultivator.

3. The Committee next discussed the question of zoning as set forth in paragraph 9 of the United Provinces memorandum. In the opinion of the Committee, zoning is not a necessary condition to minimum price fixation, but, if any system of zoning is adopted, the fixation of a minimum price is a necessary adjunct. Mr. Burt does not consider zoning

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* Appendix III.

essential to the development of cane cultivation in th neighbourhood of a factory, as alter native means exist He considers that zoning would place too big a power in the hands of an unscrupulous factory owner He would be in favour of the regulation of sites for new factories by the local Government The majority, while agreeing with the first two opinions expressed by Mr Burt are opposed to any system of control regulation or licensing of

4 The Honourable the Chairman asked the Committee whether the United Provinces Government should proceed with the fixation of a minimum price for cane even though the Bihar and Orissa Government is not in favour of such a procedure The Committee felt considerable difficulty in expressing an opinion and suggested that this important matter of principle should be referred to the Conference for advice

J P SRIVASTAVA
B C BURT
RAM CHANDRA
H C PRIOR
J M LOWNIE
HAR SAHAI GUPTA
S P RAJAGOPALACHARI
P B ADVANI
R C SRIVASTAVA

APPENDIX III

Memorandum Circulated to Members of the Conference by the Honourable Mr. J P Srivastava Minister for Education United Provinces

Introductory

1 The present position of the sugar industry in the United Provinces is far from satisfactory It is true that a large number of new sugar factories have been started in the province But the main object of the tariff which was to enable the cultivator of

price paid by a factory does not reach the grower, the latter gets a very small amount, while the contractor makes big profits

2 Another unsatisfactory feature of the present situation is that factories tend to cluster together instead of spreading out with the result that on the one hand there is unnecessary competition among them paticularly at the beginning and the end of the season and on the other the benefits from these factories can only reach a very limited area

3 The first question that has to be considered is whether anything should be done by Government in order to secure organized all round development, and to enable cultivators in all cane growing areas in the province to desrive benefits from the tariff imposed on imported sugar on their behalf

The need for action

4 While realising that the present position is unsatisfactory a number of persons consider that Government should not interfere in any way and leave matters to be righted in due course by the action of economic laws They point out that Government have never done anything before in the case of other industries and contend that there is no reason why Government should do so now

5. But this school of thought, which believes in letting things adjust themselves, fails to appreciate that incalculable harm may be done both to the grower and to the factory which is trying to develop on sound lines. The tariff was imposed primarily to help the cane grower, but our landlords and tenants are deriving little benefit therefrom. Sugar factories, owned largely by capitalists from outside the province are reaping big profits at the expense of the well-being of the grower, at the expense of soil fertility and at the expense of the future of the industry and the welfare of the country as a whole. There can be no justification for retaining the tariff, unless the growers can get a reasonable share of the profits which are going to the factories.

6. In fact, as things are today, the duty or rather its misapplication by many factories is lowering the whole standard of fertility of areas where cane predominates. Sufficient manure is not given, as it does not pay the grower at the price he realises to manure adequately; ratoon crops are largely grown and hardly farmed at all; thus the inherent fertility of the soil depreciates. Cane is being grown at present at the expense of our soil fertility reserve and we are therefore heading for disaster. It is essential to secure for the grower a price that will not only help him to maintain but to increase the fertility of the soil and to grow his cane at higher intensity.

7. In short, a policy of inaction or drift is unfair to the growers, unfair to existing factories, unfair to the future well-being of the province. It has in it the seed of agrarian revolt—to avoid which was one of the aims of the tariff. Suitable action must therefore be taken.

8. The question however arises as to what this action can or should be, as a practical proposition. The only solution that has hitherto been suggested is that arrangements should be made for zoning and at the same time for assuring a fair price to cultivators. Cane growers desire to have a minimum price fixed for sugarcane, but strongly object to a system of zoning; millers on the other hand consider zoning to the essential and consider the fixation of a minimum price impracticable. It is however necessary to examine both suggestions and to see to what extent the difficulties anticipated are insurmountable.

Zoning.

9. Zoning may be secured by assigning to each factory an area of operations or zone from which alone it may draw its cane supplies; a factory may not obtain cane from outside the zone without special sanction. The factory would not be bound to take the whole of the cane produced in the zone; it would only take as much as it needs, and the surplus would be disposed of as at present, *i.e.*, in making *gur* or *khandsari* sugar. The factory would normally arrange for its full supply of cane beforehand in accordance with its probable requirements; this would be bonded cane for the supply and receipt of which both parties are bound by agreement; both parties are protected in so far as the factory is bound to take this bonded cane and the cultivator to deliver it.

10. The object of zoning is two-fold. Unnecessary friction and competition between neighbouring factories can be avoided and it will result in securing organised instead of haphazard development, for before a factory is started the zone to be assigned to it will have to be decided. Thus more or less automatically congestion will be removed and factories will spread out. The other advantage is that the factory will have an incentive to develop its zone from the point of view of cane cultivation without fear of a new factory being started in the neighbourhood which would take advantage of its pioneering activities. For instance, a factory wants early ripening cane at the beginning of the season and a late ripening variety at its end. It can encourage the cultivation of these varieties in its zone and nurse the same—to the mutual benefit of both the growers and itself: if another factory can draw upon this zone it would have no incentive to do so.

11. Objections to zoning are of two kinds. There are some who consider it impracticable to enforce, others go further and consider it unnecessary or even harmful to the interests of the cultivators.

12. The practical difficulties do not appear to be very serious. The size of the zone would be fixed in relation to the crushing capacity of the factory by a committee consisting of two representatives of growers, two of the factory and one nominee of Government.

Even if this requires the taking out of a license or permit by new factories this is not likely to put off prospective factories, as it is in the interests of the factories themselves not to start in unhealthy [illegible]
ing development
sugar in the zone
fear that the grower will not sell to the factory, for if he can get a reasonable price there is no reason why he should not do so, and a special provision can be made for obtaining cane from outside the zone in exceptional circumstances No provision is necessary for compelling cultivators to sell to the factory, but a factory will have to take and the cultivator to [illegible]

13 Zoning will certainly give a greater sense of security to factories But will it help cane growers? It has been argued that the removal of competition will place the growers completely at the mercy of the factory It might however be contended with equal force that it places the factory at a disadvantage if it can only purchase from a small local area, growers in a small area can combine and bring pressure to bear on the factory, at present any such attempt can easily be defeated by the factory bringing in its cane from a distance of 40 or 50 miles In fact the whole idea of the zone is to remove competition and ill feeling and let the factory regard the zone as its own and develop it in the joint interests of both, if either party does anything unfair, there will be trouble for both The very existence of the zone would tend to foster good mutual relations The factory with its zone would be like a resident landlord who is the guardian of the villagers, without a zone it is like an absentee landlord who has no interest in the locality save to get his rent

14 Apart from that, it must not be forgotten that zoning does not stand by itself but goes along with the fixation of a minimum price [illegible]
urged against zoning loses its force Even if it is
is unnecessary it should be accepted by them on the
[illegible]

Minimum prices

15 There is no particular difficulty in the United Provinces about laying down what the minimum price to be paid for sugarcane should be It is not so much a minimum as a fair price for cane of standard quality The generally accepted formula is suitable for this province It lays down that the price of cane in annas per maund should be $S \times P/200$, where P [illegible]
of sugar from sugar [illegible]
year There is per [illegible]
province in accordance with this formula, if necessary the figures could be varied with the time of year at which the cane is delivered, though a uniform rate throughout the season would doubtless be better

16 The real point however is not in laying down the rate but in enforcing it It is very unlikely that factories will be able to pay less or take receipts for more or will resort to such a device [illegible] at the legal minimum is, agree to give [illegible] oks has been adopted by some fac[illegible]

17 The danger however is not that the factories will not pay the fair price fixed, but that it will not reach the actual growers The best course is for a factory to purchase cane direct from the growers, this however needs a certain amount of organisation to ensure regular and constant supplies Hence factories employ contractors whose main business is to regulate these supplies A system of licensing of contractors [illegible] that the licensee should pay to the [illegible] m whom he gets the cane at least 9 per cent of t [illegible] The licence of a contractor who fails to comply w [illegible] ved. Here again the contractor would be

(2) "Fa [illegible]" means in section 8 any premises wh rein or within the precincts of which there is carried on the manufacture of sugar from cane, jaggery or any other raw material and working by the vacuum pan process or any process connected with such manufacture

and in the other sections of the Act the occupier of such premises

(3) "Occupier" includes a managing agent or other person authorised to represent the occupier

(4) "Landholder" and "tenant" shall have the same meaning in Agra as in the Agra Tenancy Act and in Oudh as in the Oudh Rent Act

Sugar factories established at the commencement

3 (1) After the commencement of this Act (a) no factory shall be established and (b) no operations shall be carried on in any factory except under licence from the local Government

Sugar factories established at the commencement of the Act to be entitled to licences

(2) Every factory established and in operation at the commencement of the Act shall be entitled to receive a licence provided that application is made in the prescribed manner within a period of three months next following the commencement of the Act

Assignment of areas of operation

4 (1) At the time of issuing the licence the local Government shall in accordance with the recommendation of a committee consisting of two representatives of cane growers, two of the factory and one nominee of the local Government assign an area of operations to each factory licensed under this Act

(2) No factory shall without the sanction in writing of the local Government buy sugarcane grown outside its area of operations.

(3) When an area of operations has been assigned to a factory under this section neither the whole nor any part of such area shall be assigned to any other factory

5 No factory shall buy sugarcane from any person other than—

(a) the landholder or tenant upon whose land the [illegible]

(b) a contractor licensed [illegible]

Licensed contractors.

6 Subject to rules made under [illegible] the local Government [illegible] any person to buy and sell sugarcane [illegible] to a factory [illegible] provisions of section 4.

Minimum prices.

7 The local Government may from time to time [illegible] for the minimum price [illegible] or factories or any particular [illegible] particular class or classes of sugarcane.

Inspectors.

8. (1) The local Government may [illegible] to them [illegible]

(2) No person shall be [illegible] been so appointed shall [illegible] or indirectly [illegible] patent or [illegible]

(3) The [illegible] shall be [illegible]

(4) The local Government [illegible] may [illegible]

(5) Every inspector shall be deemed to be a public servant within the meaning of the Indian Penal Code (XLV of 1860) and shall be officially subordinate to such authority as the local Government may indicate in this behalf.

9. The local Government may delegate to any inspector or other officer of Government the right to exercise any powers vested in the local Government by this Act.

Rules.

10. (1) The local Government shall make rules consistent with this Act regulating the assignment of areas of operation and the issue of licences under sections 4 and 6 of the Act.

(2) The local Government may make rules for the purpose of carrying into effect the purposes of this Act, and in particular and without prejudice to the generality of the foregoing power, such rules may provide for ....

APPENDIX IV.

A draft bill to provide for the fostering and development of the Sugar Industry in Mysore.

Preamble.

Whereas it is expedient to provide for the fostering and development of the Sugar Industry in Mysore and to take power for the purpose of controlling and regulating factories engaged in the manufacture of sugar ; it is hereby enacted as follows :—

Short title, extent and commencement.

1. (1) This Regulation may be called the Sugar Factories Regulation, 1933.

(2) It extends to the whole of Mysore ; and

(3) it shall come into force in such local areas and from such dates, as the Government may by notification in the *Official Gazette*, direct.

Definition.

2. (1) In this Regulation, unless there is anyting repugnant in the subject or context,—

(*a*) 'Sugar Factory' means any factory as defined in the Mysore Factories Regulation, 1918, in which sugar is manufactured and wherein not less than twenty persons are simultaneously employed on any one day in the year.

(*b*) 'License' means a license granted under this Regulation and 'Licensed' and 'Licensee' have corresponding meanings.

(c) 'Prescribed' means prescribed by rules made under this Regulation.

Definition of sugar.

3. The Government may, by general or special order, declare for the purposes of this Regulation what articles or substances containing any saccharine matter shall be deemed to be sugar.

Licensing manufacture of sugar.

4. (1) It shall be lawful for the Government to grant to any person or persons on such conditions and for such periods as may seem fit licenses for the manufacture of sugar.

(2) Such conditions may prescribe among other things the place where the factory is to be located, the area within which the operations of the factory should extend and the price or prices at which the factory shall purchase sugarcane.

(3) The Government shall have the power to frame rules for fixing the price or prices at which sugarcane shall be purchased by a factory.

Prohibition against the establishment and maintenance of factories without a license.

5. (1) It shall not be lawful for any person after the expiration of three months from the coming into force of this Regulation to carry on the business of manufacturing sugar except under the authority and subject to the terms and conditions of a license granted in accordance with the provisions of this Regulation.

(2) A license shall remain in force unless and until it is suspended or revoked.

(3) The Government may revoke or suspend any license granted in accordance with sub-section (1) if they are satisfied that the conditions of grant are not properly fulfilled.

(4) The decision of the Government shall be final on the following questions, viz:—

(a) whether or not a license may be granted, or

(b) whether or not any of the conditions to be fulfilled are properly complied with.

Power to require information and for inspection of documents

6 (1) The Government may by general or special order require the applicant for a license or a licensee or any person who, being a director, partner, proprietor, manager or officer of, any factory, who is able to give any information as to the constitution, control or management of the factory or the business carried on in the factory, to furnish such information within such time as may be specified in the order

(2) Any person authorised by the Government in this behalf may, for the purpose of verifying or obtaining information of the nature referred to in sub-section (1), inspect any books and documents belonging to or under the control of such factory, the inspection of which may be reasonably required for the said purpose

(3) The Government may, by notification in the *Official Gazette*, make rules requiring the owners of sugar factories in Mysore to make

[illegible]

mitted.

[illegible]

Pe

(2) Any person who,—

(a) refuses or neglects to furnish any information which by an order under Section 6 is required to be furnished within the time specified in such order or knowingly furnishes any such information which is false in any material particulars,

(b) having the custody of any book or document which a person is authorised to inspect under Section 6 refuses or neglects to produce the book or document for inspection, or

(c) fraudulently uses or permits to be fraudulently used any license issued under this Regulation,

shall be punishable with fine which may extend to two hundred rupees.

(3) Where the person guilty of an offence under this Regulation is—

(a) an association or firm, every partner, member, manager or secretary and other officer thereof who is knowingly a party to the default, and

(b) a company, every director, manager secretary and other officer thereof is knowingly a party to the default,

shall also be guilty of the like offence and liable to the like punishment.

(4) The Government may take possession of any factory wherein manufacture of sugar is carried on without a license issued under this Regulation and confiscate the machinery used for that purpose.

Bar of suit where acts are done in good faith.

8. No suit or other legal proceedings shall be instituted against any person in respect of anything which is in good faith done or intended to be done under this Regulation.

Power to make Rules.

9. (1) The Government shall make rules for the purpose of carrying into effect the provisions of this Regulation.

(2) In particular and without prejudice to the generality of the for egoing provisions such rules shall provide for—

(*a*) the levying of fees in respect of licenses framed under this Regulation,

(*b*) the conditions and limitations subject to which a license may be granted,

(*c*) the manner of fixing the prices at which sugarcane shall be purchased by a factory, and

(*d*) any matter which under this Regulation may be prescribed.

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